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China Report

ECONOMIC AFFAIRS



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CHINA REPORT

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NATIONAL POLICY AND ISSUES

PRC JOURNAL ON CHANGE IN ECONOMIC OPERATIONAL MODEL

Beijing JINGJI YANJIU in Chinese No 2, 20 Feb 86 pp 3-11

[Article written by Hua Sheng [5478 3932] and He Jaicheng [0149 1367 2052] of the Economics Research Institute of the Chinese Academy of Social Sciences, Zhang Xuejun [1728 1331 6511] of the Economic Readjustment Office of the State Council, Luo Xiaopeng [5012 1420 2590] of the Rural Development Research Center of the State Council, and Bian Yongzhuang [6708 0516 1104] of the Financial, Trade, and Material Economic Research Institute in January 1986: "Transfer of Economic Operational Model--Problems and Train of Thought on Further Reforming the Economic System"]

[Text] China has already spent 7 years in carrying out its economic structural reform. The initial success in rural reform has laid the foundation for an all-round reform and urban reform has also achieved major progress along the path of transferring power downward and enlivening enterprises. The market mechanism is gradually becoming a basic factor of China's economic operational system. But there are also many problems. In many areas and enterprises where we have relaxed control, there is already confusion in the course of invigoration and irrational practices are spreading. The question of where China's economic reform is headed has already become the focus of world attention.

I. The Problems China Faces

Fundamental difficulties for China's Economic Structural Reform

1. Over the past few years, the expansion of total demand has given rise to complicated repercussions in our society, fully disclosing that the economic structural reform is not one single act of a set of mutually coordinated acts, but an arduous and prolonged historical process. Even the so-called "one-package" economic reforms to shift the economy onto a new track that some Eastern European countries have been carrying out have all turned out without exception to be prolonged social movements that continue to correct themselves and deepen. (Footnote 1) (Many Hungarian economists hold that only by now can there be a hope for the Hungarian economic reform already underway for 17 years, to really begin. Refer to Hungary's ECONOMIC REVIEW No 11, 1985)
2. China's economic structural reform started relatively late, but the actual progress of the transformation of the economic operation model has been

relatively quick. There has been a trend for some major aspects of this transformation to exceed the progress of reform in other spheres. Therefore, it is necessary not only to find a special path for China's economic reform, but also to probe into the general law that governs the economic reform of socialist countries. In this sense, the difficulties in China's "second revolution"--the economic structural reform--are greater than those in the first revolution for the purpose of seizing the state power.

3. A sharp fluctuation in the total amount of effective economic demand is a pressure difficult for any society to bear. It is particularly dangerous in the process of economic reform. The peak of the expansion of total demand has already passed, but it continues to pressure us and make our macroeconomic decisions tend to become short-term and low-level. This is a clear proof of its danger. The difficulty lies in how to make a distinction between the interference of that short-term imbalance caused by the macroeconomic turbulence and the real challenge facing economic reform.

4. Fundamentally speaking, the economic structural reform is a consequence of the failure to effectively develop the economy; hence if we talk about reform in separation from development, it is impossible to really solve the problems related to economic development. But because the development of economy is a continuous dynamic process with a strong continuity, it is impossible for us to suspend economic development until we have carried out reform. Undoubtedly, the pressure of long-term development makes it even more difficult to choose the chain of thought for reform.

Major Problems in Continuing the Reform

5. Special forms of the transformation of the economic operational model. The transformation of China's economic operational model has embarked on a path of gradual progress and adopted the two-tier system format. To this, people both at home and abroad have voiced their objection in light of the general experience gained in the transformation from a centralized economy to market economy in the West after World War II or from the transformation of models in Eastern European countries. But why should the trend of two-tier system have emerged in China alone? What will be its unique prospects of development? If we do not understand these questions, we will not be convincing either in criticizing or supporting the two-tier system.

6. The organization, zones and structure of the market. Since we began to decentralize power and enliven the economy, a market has not correspondingly taken shape; in addition, problems such as blocked channels of commodity circulation, regional bottlenecks and poor economy of scale have emerged, indicating that in fact we do not have the clear idea of the connotation of the goal of the transformation of our economic operational model which we thought we had. What a planned economy reveals is only one feature of a modern commodity economy, namely, the state's management over and intervention with the market, but it does not reveal the scope and structure of the market itself. Is it a national or a regional market? If it is the former, would it have a great repercussion on China's economic development and layout of productive forces? If it is the latter, how would it affect the nature of the

transformation of our economic model? At present, the structure of China's industrial scale is already a structure in which large enterprises have a dominant position; therefore, it is perhaps not easy for a market structure of free competition to take shape after our market has switched to operate in a planned way. If we are not clear what kind of scope and structure of market that the economy is to switch into, then in practice, the transformation of the operational model cannot help but give rise to extremely sharp conflicts and blindness.

7. We are to once again lay a microeconomic foundation. The operation of a certain economic system is based on the prerequisite of corresponding relations of production. In a socialist economic reform, if we neglect the restructuring of microeconomic foundation while transforming the model of economic operation, then no matter how skillful the design of the models of market functions and the regulation of market mechanisms, there will certainly be breakdowns in the operation or it will be utterly impossible for the models to operate. This is the major experience gained in the great victory in the initial battle of rural reform and is also the basic cause of the difficulties in carrying out our urban reform.

8. Readjustment of income distribution. The friction and difficulties that have emerged as changes begin in the structure of income distribution does not prove that China's ancient philosophical idea "the trouble is inequality rather than shortage: still prevails. The crux of the problem is whether this change in income distribution means a change into awarding people on merits or a clear inequality of opportunities? The international experience that we can refer to proves that the skill in handling income distribution is often vital to the destiny of the reform. Reexamining the train of thought in reform related to the issue of income distribution is thus an urgent task for reform in a large country with extremely complicated conditions and for winning over universal understanding and support of the people.

Basic Clues in Carrying Out Reform

9. In the face of a chaotic situation that seems to be impossible to straighten out, people often give a, perhaps to some extent, simplistic explanation that we have not yet coordinated the reform in various spheres. Why have we failed to do so? In what spheres must our reforms be coordinated and formed into a full set? What reforms should consciously be separated from one another to reduce risks, difficulties and resistance in reforms? (The concept of economic reform itself means that it is separated from the cultural, educational, social, and even political reforms which are linked with it and which should also be carried out in light of conditions we are provided with and in order of significance and urgency.) The mission of our economic analysis is not to provide people with a confused system, but should be to correctly analyze a complicated and processed system of logic, point out the basic clues to it, and turn it into a historical process with order in time and space.

10. To find clues to the solution of the problems related to the whole system of the current economic structural reform, we must return to the cells of our planned commodity economy--our enterprises. We can say without exaggeration

that all the contradictions and conflicts have originated from the great experiment that is aimed at turning our state-owned factories and shops into genuine enterprises. All the friction in our macroeconomic regulation has emerged because we regard as enterprises the economic units that are in fact not enterprises in its proper sense, and regulate them as such. To really turn state-owned enterprises into economic entities that shoulder sole responsibility for profits and losses, in our economic reform, we must complete two most basic projects: 1) the transformation of the economic operational model to a format that is suited to national conditions; and 2) the simultaneous realization of the restructuring of the foundation of our system of ownership. Because of limited space, this article only discusses the first project.

II. The Two-Tier System: A Special Form for the Transformation of China's Economic Operational Model

11. What is essential in the transformation of our economic operational model is to initiate the market mechanism, mainly, the price mechanism. People always use the word shortage to sum up the characteristics of a highly centralized planned economy. In fact, shortage is to a very great extent the consequence of the implementation of a system of fixed prices. The mechanism of planning, material distribution and fixed prices of the traditional economic model operate together. The system of mandatory plans relies precisely on the strong distributive nature of the planned prices and thus firmly controls the allocation and circulation of materials and goods. Only by so doing can its administrative system operate in harmony. Enterprises are also divided into various classes because of the difference in their plans and their channels to obtain materials and goods; in other words, the difference in the amount of materials and goods that they can obtain at low prices and to the degree in which the sales of their products are ensured. This determines beforehand that the distributive relationship between the state and enterprises is certainly a relationship of eating out of the same big pot and a relationship in which what the state takes from the enterprises is greater than what it subsidizes them. From this we can see that the reforms in our price system and price management system put forth by the CPC Central Committee are pivotal to our economic structural reform. This shows the thoroughness of China's sweeping economic structural reform at its very beginning.

Historical Necessity for the Emergence of Diverse Prices

12. The Two-Tier price system is a typical reflection of the coexistence of dual systems in the period of the transformation of the model. The train of thought in understanding the reform of the two-tier system cannot be separated from China's actual historical environment. At the beginning, China transplanted the highly centralized model from the Soviet Union, but because China was a vast underdeveloped country, even the period of the highest degree of its centralism, the proportion of its products under the unified central planning was far lower than that in the Soviet Union and other Eastern European countries. Before Yugoslavia's reform in 1951, over 16,000 kinds of products were governed by central planning and were to be distributed among 165 ministries, several hundred bureaus and 8,000 enterprises. In the Soviet Union, the State Planning Commission governs over 2,000 kinds of products, and its central ministries distribute more than 30,000 kinds of materials and goods. (Footnote 2) (Liu

Guogang: "Economic Theory and System of the Soviet Union and Eastern European Countries" Zhanwang Publishing House, 1984 p 196) In 1979, China's State Planning Commission and General Administration of Materials and Equipment allocated only 256 kinds of materials and goods. In addition, China's planning system is of many levels. In 1979, local governments distributed 46 percent of our coal, 42 percent of our steel, 36 percent of our nonferrous metals, 18 percent of our timber, and 71 percent of our cement. (Footnote 3) ("China Economic Yearbook 1981" vol 4, p 124) For the same product, the central allocation price was often different from local distribution price. Besides, after the 1950's, China began to implement the policy of developing large, medium-sized and small enterprises simultaneously and walking on two legs. At that time, we experienced several setbacks, but the local state-owned enterprises that were not included or that were not entirely included in the state's distribution plans, especially township and town and rural collective enterprises, continued to account for a fairly large proportion in the national economy. This economic strength that has grown on the weak link of the traditional system consummately embodies the latent market factor in our planned economy. This is a phenomenon unique to China's economic development. It makes it impossible for China to make up the shortage of its planned distribution by haggling between upper and lower levels and between units at the same level, by searching, waiting or compulsory substitution, or by periodically laying production capacity idle as the Soviet Union and Eastern European countries do. Therefore, since the beginning of the 1970's, the economic cooperation outside state plans, barter and compensation trade has universally developed. (Some of the trade is even arranged by the governments at provincial level.) Since the beginning of the economic structural reform, the proportion of the output of urban and rural collective enterprises in the total output has continued to rise sharply. At the same time, outside the state plans has gradually switched from awkward barter to the trade at price premiums or at market prices. According to statistics, by the end of 1984, the turnover of materials and goods outside the state plans reached 50 percent of the turnover of the products allocated at planned prices. Because of the difference in circulation channels and relations between buyers and sellers, it was quite common for one product to have diverse prices. The emergence of diverse prices other than the planned one has broken the restriction under the traditional system in which the state-owned sector does not allow others to produce what it will not produce. This has been instrumental in readjustment the structure of industry, reinvigorating rural economy, improving the behavior of enterprises, and releasing production potential; but at the same time, it has indeed also yielded the negative impact in giving rise to speculation in resales of goods, in enabling small enterprises to have an advantage over large ones, and in giving rise to poor economy of scale.

13. Why have such strong collective enterprises in rural towns and strong township enterprises emerged only in China? In addition to the above-mentioned process, there are far-reaching social and economic causes. Ever since the establishment of the socialist ownership by the state in China, we have been faced with an extremely sharp contradiction: to feed one fifth of the world population with our very weak national strength (the per capita national income was 103 yuan and the per capita financial revenue was only 30 yuan). Therefore, except for the provision of necessary material aids to the poorest people by the

state, at the very beginning, it was not only necessary to provide rural people full freedom to "shoulder sole responsibility for profits and losses," but even in cities, it was also impossible to ensure that everybody had equal employment opportunity and social welfare and insurance. This has naturally produced a level by level division into central and local state-owned enterprises, enterprises owned by the state, collective enterprises, and large and small collective enterprises. Since the founding of the PRC, the state several times tried to relatively sharply increase the urban population and the number of employees in state owned enterprises, but was forced to stop or withdraw later because of limited financial resources. Only by relying on the persistent efforts of millions of laborers for their survival and for making themselves rich have urban and rural collective enterprises been able to maintain their existence amid repeated setbacks and to form a tremendous wave of development under the fine situation of the reform.

Making the Best Use of the Two-Tier System

14. This is precisely the background in which the train of reform thought about the two-tier system was put forth. This train of thought fully confirms the historical necessity and positive significance of the emergence of diverse prices in China. At the same time it tailored measures to the situation and designed the two-tier price system to overcome major defects of diverse prices. (Footnote 4) (Hua Sheng et al: "On the Path of Price Reform with Chinese Characteristics," JINGJI YANJIU No 2, 1985) In other words, 1) we declare that market prices are legitimate, and develop the potential of large enterprises for competitiveness; 2) the state participates in the organization of work to smooth bottlenecks in markets, put marketable materials and goods in short supply on the market to force market prices down and thus causes diverse prices to become one price; 3) the state, raises the listed prices to reduce the disparity between listed and market prices and thus cracks down on speculators; and 4) it strictly imposes the rule that products made of materials purchased at high prices be sold at high prices and those made of materials bought at low prices be sold at low prices, thus creating market and price conditions for roughly equal competition. The State Council's policy decision on the implementation of the two-tier system for price reform is not only conducive to making the structure of production better, but also greatly reduces irrationality in the internal structure of production scale. By so doing, it has turned a spontaneous process into an extremely important step of economic reform. The two-tier price system will further monetarize cooperation originally outside state plans and exchanges of materials and goods, and formally initiate regulation of market mechanisms in the realm of state-owned enterprises activities (including large and medium sized enterprises). This marks the beginning of a sense of direction in the transformation of our economic operation model.

15. It was a pity that as we were planning price reform, we suffered a sudden attack of excessive expansion of total demand, which sharply pushed up market prices, made it very difficult to raise listed prices, and thus widened the difference between the two kinds of prices and speculative resales of goods. As a matter of fact, it has become impossible to implement the major steps of the two-tier system reform. Nevertheless, the small number of measures that we have initially adopted alone, such as the measures to allow state-owned

enterprises to sell some of their products on their own at market prices and the organization of an automobile market by the state, have already proved the tremendous power of reform in the direction of the two-tier system. Through sales in the market, raising funds for investment and other measures, extra-budgetary funds have begun to spontaneously make short-term movements and we have substantially alleviated the deterioration of the production and investment structure, a tendency arising from a distorted listed price system. In particular, because of shortages of funds, many large and medium-sized enterprises that produce raw materials and fuel, were unable for a long time to solve problems of incomplete equipment and problems related to the renewal and transformation of their technology. Now they have quickly raised large amounts of funds and there is a strong tendency of sustained increase in production. The automobile market, established with direct state intervention, has quickly stabilized prices of automobiles which rose dramatically because of rampant speculation at the time total demand fiercely expanded. Later, market prices of automobiles were the first to drop and took the lead in signaling for the end of the expansion of total demand. This accurately and promptly provided a reliable basis for macro policy decisions. Therefore, if we persist in regarding the reform to establish the two-tier system as the cause of problems such as turbulence in the market and small enterprises crowding out large ones--problems that are apt to crop up in a situation of diverse prices--then, obviously we will show that we lack understanding about the process of the development of history.

16. This of course does not mean that the two-tier system is perfect as a transitional system. Some comrades have pointed out that the transition to a two-tier system will be replete with friction and sharp conflicts. They suggest that China follow the path of a transition of mixed prices that some Eastern European countries have taken. Under this system, only one price is allowed for one product, the prices of the products of which the supply and demand are in balance and are to be decontrolled, and all the products for which the internal and external prices differ greatly are monopolized by the state at unified fixed prices. By so doing, we would give rise to a price system formed by several different sectors and then transform it into a system of uniformed market prices. But the difficulties are that: 1) a price system is an integrated whole with mutually linked and dependent parts. How can prices of some products be kept fixed while prices of other products are really free? How can there be no extreme friction and clashes between these two kinds of prices? 2) At present, the most important materials and goods in short supply such as the three major materials are more than 50 percent under state control. How can the state monopolize all of them? Even if it could, how can it arrange the supply of these goods to satisfy the demand of each and every enterprise including 6 million township and town enterprises? Are we to allow the demise of enterprises that are not allocated with the materials and goods by our plans and that have no sources of purchase and are not allowed to purchase these goods? It seems that that suggestion is to a large extent divorced from China's reality.

Improving the Two-Tier System

17. The key to the two-tier price reform is to consolidate and establish a smooth-flowing market of means of production. If we cannot manage to ensure

that there is supply of goods at market prices in our market of means of production, the under the pressure of maintaining their production, in addition to striving for a greater share of planned allocation, even enterprises which observe the law will be forced to establish under-the-counter relations. As a result, there will be speculative resales of goods and loopholes for profiteers to exploit, and it will be impossible to put an end once and for all to the bad practice of keeping irrational levels of stock at every level and thus artificially worsening the shortage of materials and goods. In China, we should not have the illusion that markets of large-scale flow of goods can take shape through free competition. The state must adopt powerful administrative means, conduct concrete organizational work and make detailed arrangement to expedite the formation and emergence of major markets.

18. The state accumulates its strength and raises the listed planned prices of the products in short supply. This is one of the basic aspects of the train of through about price reform through the two-tier system. No matter how great improvement it is compared with the system of diverse prices, the two-tier price system in which listed prices differ greatly from market ones is after all a transitional system. It is impossible for this system to eliminate all the defects of the system of diverse prices, in particular the defect of seriously distorted planned prices. This is shown in the following: 1) The continuation of adverse readjustments in the spheres of production and consumption by excessively low planned fixed prices. 2) The marginal price readjustment role of market prices can gradually readjust the composition of production, but because of the existence of low planned prices for products in short supply, market prices will be substantially higher than equilibrium prices; therefore, enterprises can earn extra profits. In addition, as marginal demand decreased relatively quickly when the market is saturated, and as we do not have appropriate methods of taxation to restrict the construction of the projects that do not enjoy economy of scale, some enterprises are apt to be short-lived and thus suffer financial losses. 3) Different price signals in the two markets will inevitably foster friction and waste, especially when it is possible to haggle for quotas of cheap supply at planned prices, they will give rise to confusion in the behavior of localities and enterprises. As the two-tier prices are in fact a kind of price discrimination and division of the market; therefore, the key to the success of the two-tier system is that there must be a barrier between markets that are planned and outside of plans so that speculators have no loopholes to exploit. We propose that while we raise listed planned prices, we should sort out the targets of planned supply, substitute compulsory contracts of supply of goods that are made in strict accordance with the principle of products made of raw materials purchased at low planned prices being sold at low planned prices for mandatory plans for short-term input and output of enterprises, and allow all the products not covered in the contracts to be traded at market price, no matter whether the transactions are made among central departments, localities or enterprises. The products sold at low planned prices and the materials purchased at low planned prices in contracts for an enterprise are strictly matched and the products and materials not covered by the contracts are traded fairly among enterprises at market prices. We can thus not only eliminate loopholes between the two markets, but also, because we have already straightened out the external environment for the relations of planned material and goods between various enterprises, in the future, when the state raises the

listed prices, it will only be necessary to change the contracts of supply of goods and won't be necessary to again change the economic and financial relations of enterprises.

19. The universal significance of the two-tier system is not limited to the reform in the prices of means of production. In China, the purchases of agricultural products by contracts of order and those by negotiation are another form of the two-tier system. The state's purchases of large amounts of agricultural products by contracts can ensure the state has sufficient reserve of agricultural products, stabilize peasants' income, and guide the output level and direction of cultivation of agricultural products. Fluctuated transactions in the market can satisfy the diversified demand of production and livelihood and sensitively reflect the trend of changes in the costs of agricultural products, and thus become a mirror for the readjustment of prices of purchases by contracts. In future, when major buyers of grain become the grain and edible oil companies that have been turned into enterprises, the vitality of this two-tier format will continue. In China's financial and foreign exchange activities, to ensure the monopolized control and operation over the most important economic activities by the state or by the agent representing its interests and at the same time fully absorb the flexibility and perpetual stimulus of free competition and the regulation of market mechanism (certainly a must for a developing country whose economy is taking off), it is certainly also the trend of the times for us to adopt the two-tier system in financial reform and the foreign exchange market.

20. The theoretical significance of our two-tier system is that it shows that because of its special historical background, China's economic development and economic structural reform will not be realized amid a general balance in free competition, but will mostly be realized in an imbalance, self-stabilized system. On the other hand, both its economic development and structural reform depend on the efforts of enterprises in freeing themselves from administrative subordinate relations and inequality between different grades of enterprises. This requires a kind of form or path to enable us to break the system of inequality between different grades of enterprises before we complete the transformation of the entire vast operational system. The two-tier system provides such a form and this is its historical contribution. It is precisely in this sense, the two-tier system is a special form of transformation with relatively small risk and very great capacity that China has found. It is a great invention in China's economic structural reform.

III. Market Organization, Structure, and Areas

Market Organization--Decontrol of Prices Does Not Equal Formation of Market

21. A view has been in vogue that our economic structural reform is mainly aimed at decontrolling prices and developing the role of the regulation of market mechanism. Therefore, if problems crop up in decontrolling prices or in developing the role of the regulation of market mechanism, then surely, we have failed to satisfactorily carry out reform. In fact, this is a big misunderstanding: for the decontrol of prices is regarded as identical to the formation and perfection of our market. Historically, small commodity

production has always had free pricing, but it often took several decades or even several hundred or 1,000 years of development for specialized circulation organizations to become independent and separated from one another and for large-scale commodity distributing centers to emerge. Therefore, in a developing country like China where the degree of the commodity economy development is extremely low, inequality of opportunity and speculative resale of goods are unavoidable in the transition from unified and controlled prices to market prices, no matter what form of transition we adopt (two-tier or single-tier systems). This is because of the restriction of factors such as lopsided market, poor transmission of information, blocked circulation channels, and inconvenient transportation. Clear proof of this is the lack of unified price in the open market; this becomes the major loophole for speculators to exploit. Therefore, during our price reform, the state's priority task is to organize rather than to regulate the market, in other words, to help establish markets through its intervention.

22. In current commodity economy, market organization first of all means the establishment of specialized circulation organizations and wholesale trade centers with stable and widespread circulation channels. In the period China implemented a highly centralized planned economy, it had already established a system of circulation organizations that had been the most powerful in our history, but the closed nature of the planned allocation service and the separated nature of regional balance very greatly restricted its functions. Therefore, transforming old circulation organizations, especially commercial, materials and goods wholesale, and cooperative supply and marketing organizations are the starting point for the establishment of our market organizations. Otherwise, the closed and monopolistic nature of the old organization will stifle the vitality of the growth of the new organizations, or the vicious spreading of the noneconomic speculative force will cause dislocation and confusion in the market. The establishment of free wholesale trade markets is a brand new undertaking for us; for it not only needs the existence of a large number of open circulation organizations, but also relies on widespread links in the channels of supply and marketing in our trade centers and markets. Strictly speaking, without the widespread establishment and normal operation of wholesale trade markets, especially future markets, we simply cannot talk about the formation and perfection of our market. A product market without future markets is merely a superficial and lopsided market, the price signals given by it are very short-term ones; as such, their regulation over the supply and demand relations is too frequent and will give rise to turbulence in the market and extremely high costs. In fact, the system of monopolized purchases and centralized allocation under the traditional economic structure to some extent played the role of a future market in stabilizing production. Hence if we cannot establish a future market, it will be difficult to reform the system of monopolized purchases and centralized allocation.

23. The barter and cooperation related to materials and goods outside the state plans are the soil to nurture our market mechanism. But, in the process of the development of price reform, widespread barter of material and goods hindered the commercialization process of our economy. People cling to maintaining noncurrency cooperative relationships often because they pursue special interests of localities, enterprises, employees, or even a small number of people. Undoubtedly however a major worry for enterprises is the lack of a

fully commercialized market which thus fails to satisfy normal and temporary demands of their production. As such, given the situation today, if our governments at each level continue to exert great effort to organize cooperation related to materials and goods rather than switch to organizing currency trade markets, then they will only hinder the establishment and perfection of the commodity market.

Market Structure--Prospects for the Development of a Two-Tier System

24. The purpose of organizing our market is establishing or strengthening links among the enterprises in the market. In a commodity economy, risk is a concept as important as profit. Risk obviously differs in transactions between enterprises of different economic scale and so do the economic relations between these enterprises. But these relations are restricted by the structure of our market. Market structure is classified according to the scale of enterprises, market share, and capacity to control the market. As market structure varies, so does the behavior of enterprises, the mechanism of price formation and laws governing price movement. At the current stage of the development of the socialization of production, the commodity market in most countries is of a structure of monopolized competition. In China, however, the degree of concentration of enterprises is not only lower than in developed countries, but also significantly lower than in developing countries of the same level of development, because of reasons such as administrative subordinate relations of our enterprises, the demand for internal balance in small yet complete regional systems, the product tax system which hinders specialized cooperation, and particularly, funds which are locked into assets and fund circulation which is blocked owing to the level by level breakdown of public ownership. (Footnote 5) (According to a report by the World Bank in 1984, in the early 1980's the number of enterprises with a work force larger than 243 people accounted for 0.6 percent of the total number of enterprises in China, 4.3 percent in South Korea, 4.4 percent in India, 33.5 percent in Yugoslavia, and 65.1 percent in Hungary.)

25. Despite this, the planned market that China's economic structural reform wants to establish is greatly different from the primary model of free competition. (Footnote 6) (According to Industrial Statistics Annual, in 1984, the large enterprises that account for 2.8 percent of the total number of enterprises have 50.6 percent of the fixed assets and yield 37.3 percent of the output value, and 47.6 percent of the profits and tax payments of all the enterprises in the country.) As China's economy develops, the market structure will gradually become a structure of monopolized competition. This trend of economy of scale which has emerged on the basis of contemporary science, technology, and production organization, is a historical stage that we cannot surpass in implementing a planned commodity economic system. Therefore, in designing the targets of China's economic structural reform, we cannot have a vague hope for a market of completely free competition, but should consciously help our large enterprises and groups of enterprises grow and thus facilitate the development of satisfactory scale of economy. Generally speaking, large enterprises make relatively long-term planning and have relatively strong sense of social responsibility; as such, they naturally often become the dominant force in the economy. Yet, our small enterprises are usually more dependent and mostly adopt the

strategy of paying close attention to short-term demand in the market. Of course, this does not mean that we should give large enterprises boundless preferential treatment and passive protection, but means that we should encourage highly efficient enterprises to defeat and take over inefficient enterprises to enable their rapid development and expansion. Through the rise and fall of different enterprises, we will realize the concentration of resources in the hands of highly efficient enterprises and thus give rise to the optimum combination of scale for the dynamic growth of the economy. Only by so doing can we continue to maintain and heighten a powerful capability in mobilizing resources and guiding the development of production through a change in the system and on the basis of high efficiency. This is too important for China as a vast developing country.

26. From the above, we can see that in the planned market in the future, the two-tier system in the present sense will fade away, and we will perhaps have a system which is neither the old one in which the state fixed the prices, nor an entirely free market where prices are decided by competition. Since the reform in the pricing of nonstaple food in China's urban areas, the economic strength, access to information, and pursuit of medium- and long-term interests of state-owned commerce and some large urban and rural collective economic organizations are different from those of small enterprises; as such, their pricing mechanism is also very different from that of small producers in the market. But, because the current price level is relatively suited to supply and demand relations in the market, they can readjust prices by referring to long-term market trends and so their existence is reasonable. In our market of materials and goods, a trend has already emerged that some large enterprises intend to control the price movement by means of jointly fixing the prices for the products in their line of production. In a contemporary monopolized competitive market, the commodity prices of modern monopoly enterprises are obviously stable, with little fluxation, because the short-term average cost curves of monopoly enterprises are relatively smooth, large monopoly enterprises are related to many sectors and are of great importance, the external costs for price changes are relatively high, and monopoly organizations lose some market share when they raise prices and are followed by competitors when they reduce prices. This is in sharp contrast to the drastic fluctuations in competitive prices of medium-sized and small enterprises. From this we can see that it is idealistic guess work about a commodity economy to think that there can only be one mode of price for the market price. Only, the diverse modes of market prices are reasonable because of the production organizational structure and market structure. These diverse prices differ in essence from two-tier prices today in that they are not fixed by the state but entirely by enterprises. Therefore, we can infer that when state commercial and material and goods administrative units are switched from the state administrative units under the jurisdiction of the government into large enterprises competing with one another, they would continue to dominate the market like the large enterprises and enterprise groups in the production sector. On the other hand, the only reason why a socialist country should firmly control the planned distribution and pricing of major materials and goods, is that when there is a major shortage of materials and goods, we should guarantee the superior and monopolistic position of enterprises which are the backbone force for the industrialization of China to speed up economic development. It is therefore very possible that the state's

fixed price in the two-tier price system will gradually evolve and be changed into the price fixed through the negotiation among large enterprises and enterprise groups or the dominant price in the line of trade. From this we can infer that the withering away of the two-tier system would depend not only on the rationalization of the price system, but also on the formation of market relations (including stable circulation channels among large enterprises and enterprise groups and the future market) that can entirely replace the state's allocation system.

Market Areas--Differences in Economic Geographical Environment

27. The formation and establishment of market prices depends on the changes in the areas or scope of market. A market that is divorced from the concept of space is merely an abstract concept of market, not a real market. For the establishment of a market that is open to the outside world, there should first be a reform in the taxation on circulation of goods. Since this is a question related to a very special field, we will tackle it later. The disparity in China's domestic market alone is enough to draw the attention of world economic circles. Because China's history of having been a semicolonial and semi-feudal society, the economic geographical environment differs broadly in various areas. There is not only the problem related to the dual economic structure between urban and rural areas, but also the "North-South" problem between its western and eastern parts. The key cities which are few in number and which have only 4.7 percent of China's population, yield a third of China's gross industrial output value. (Footnote 7) (Calculated on the basis of the data in the tables entitled "Basic State of Affairs in Key Cities" in "Chinese Statistics Yearbook (1983)" pp 35-102.) According to the estimate by the World Bank, China's urban living standard is on average two or three times better than that of its rural living standards. Regional disparity is even bigger. For example, the per capita industrial output value in Jiangsu Province is twice that of Gansu Province; while the per capita agricultural output value in Jiangsu is nearly three times that of Gansu. Liaoning's net visible output value is 3.2 times that of Guizhou's and Shanghai's is 11.1 times that of Guizhou's. Even in the same line of trade, the return to capital employed differs widely in different areas (see table below). These great disparities in urban and rural areas and in regions are facts we must consider and face squarely when we transform China's highly centralized system of planned allocation with the state collecting all the income and paying all the expenses into a planned market model.

Profit rate (defined as the sum of profit and tax payment divided by net value of fixed assets) of the state-owned industry for 1982 calculated for different sectors in various provinces

Area	Jiangsu	Hubei	Gansu	National Average
Industry				
metallurgy	22	17	10	23
power	38	19	24	23
chemical	37	20	18	38
machine building	34	14	14	21
textile	100	58	54	81
paper	50	17	7	33

(Source: Report of the World Bank's 1984 Group to inspect China's economy)

28. One of the possible choices is to follow the path of a unified market. The contradiction in this path is that as we establish a unified domestic market, especially as we perfect the market system, there would be a tilted factor market in the whole country. Increasingly violent movements of production factors and various resources from rural to urban areas and from western to eastern China would emerge. The production capacity in central and western China would be moved away and die out, the production layout would worsen overall and the regional disparity in economic development and income would continue to widen. There may be a sharply tilted commodity market in which goods move from east to west, in other words, the goods from Shanghai and coastal areas would occupy the market in central and western China. At the same time, since selling goods at home would be profitable and since there is a vast domestic market, the export drive would be weakened in coastal areas. As a result, commodities from Japan, the United States and other countries would again flood eastern coastal areas. Under these circumstances, the desire to thoroughly modernize coastal industry and to move traditional industry to the hinterland and rural areas would all go up in smoke. Obviously this is not a prospect we want. From the above we can see that in development of a unified market with unclear ideas over the past few years, the division of markets in many areas and regional barriers are not without any elements of "justified defense."

29. Another choice is to develop regional markets. Those who favor this choice hold that the improvement in the rate of utilization of the resources in the areas would offset losses caused by friction between various areas. But, in an integrated political state, the greatest issue concerning regional markets is the barriers on boundaries between various areas. There would be no regional market whatever if besides the natural barriers caused by geographic conditions, there are no artificial barriers including barriers along the boundaries and customs duties. At the same time, people also worry that the practice of developing regional markets might inevitably push up the average social costs of the commodities at home. Therefore, at least so far we do not see any prospect for the realization of this choice.

30. In China, we should develop the advantages of a unified market and take into consideration also disparities in the production conditions in different areas. This is perhaps the second best choice, a choice to follow the path of having a unified domestic market while taking into consideration regional production costs. The differences in economic geographical environment can be summed up as the geographical difference in land. As such, we can make a proper distinction between the production conditions of rural and urban areas and in different regions to bring their strong points into play and competition on the basis of earning roughly the same level of operational income despite different production costs. As the rationalization of production layout is ensured, we can be assured of good economic results from the distribution and layout of resources before we know the efficiency of the utilization of resources. For a country with vast territory and huge resources such as China, we should pay sufficiently close attention to the idea that "the layout decides 30 percent of the results."

31. Land tax (rent) must be collected by localities and be a source of their revenue. Judging by the situation in most countries, land taxes or rents are

universally the major sources of local government revenue. Therefore, it is necessary to become clear about the role of localities. Over the past few years, people have frequently blamed localities' role in overexpanding the total demand. Of course, they have good reasons to do that. Yet, very few people have ever had the idea that the behavior of localities, in particular those at provincial level, are molded and regulated by evaluation indexes and the interest distribution system decided by the central authorities. When the central authorities regard gross industrial and agricultural output value as the yardstick of evaluation and distribute financial resources according to administrative subordinate relations, it is inevitable that localities get the urge for unrestrained expansion. To turn localities, especially those at the provincial level, from magnifiers of demand overexpansion into controllers of demand overexpansion and to switch their focus of attention to various aspects of environmental service for the operation of their economy and to large scale development of a tertiary industry that is proportionately harmonized internally, we must universally substitute the comprehensive index of gross national product for the index of gross output value, and we must first carry out a financial reform in which we substitute graded local taxes, the collection of which is stipulated by law, for different practices in apportioning government expenditures among various social sectors--a financial reform whose core is the alteration of the composition of local government financial sources.

There is an internal symmetry in the expenditure composition and revenue composition of local finance. Even if we implement a system to divide tax revenues among governments at various levels, if the major financial resources for localities are shares of income and product taxes, then local governments would certainly pay attention only to their industry and commerce, especially those related to cigarettes and wine, which earn high profits and pay much in taxes. If the major financial resources for localities are taxes on land, then they would spontaneously be concerned about and carry out construction of basic facilities.

32. As for the basic steps to collect land taxes, we can consider the following: 1) On behalf of the central authorities, the Ministry of Finance estimates the base figures of taxes on various land in all the provinces and regions and the cities under them. 2) These base figures would be taken into the base figures of the financial revenue of various localities and thus their shares of other kinds of taxes would be correspondingly reduced. 3) The power to actually collect land taxes should be granted to localities, but the central authorities could preserve the power to fix the maximum and minimum limit of land taxes. Land taxes should be collected after income tax. This would be conducive to turning land tax into rent later. 4) The provincial and regional governments would decide on their own the rate of their land tax and the proportion of burdens between areas under them and between their urban and rural areas. They could also first calculate the base figures as the central authorities do and then grant the power of collection to cities and counties. 5) When localities collect land tax, they are in fact faced with the choice between options to pursue long-term or short-term interests. If they tax heavily, they would be benefited in the short run, but they would hurt the competitive capacity of their enterprises, reduce the investment attraction of their areas, and may thus cause production factors to move away; this

would be detrimental to long-term income. If the tax is too low, they would fail to satisfy the minimum demand of their financial expenditures. By so doing, through the independent choice of various local governments, various roughly suitable regional costs would spontaneously take shape. In areas where conditions are mature, we could further adopt the method of inviting tenders in the market to decide the amount of rent and thus transform the land tax system into the rent system.

33. When we have established a commodity market and perfected its functions, enterprises can look forward to being provided with external conditions to carry out reasonable competition. Of course, just as people have unanimously pointed out, this market is still narrow and should be coordinated by the markets of various kinds of production factors. Only then can there be a perfect market system. Nevertheless, we are afraid that China's economic structural reform cannot follow the general Western path from commodity to factor market. This is not only because factor distribution in China has, of course, special forms and channels, but also because the economic structural reform in a socialist country will first encounter obstacles common to its restructured microeconomic organizations. Straightening out market conditions and deciding regional costs only pave the way for the beginning of the tough battle in urban economic structural reform--the restructuring of the foundation of the ownership system.

(Writers' note: comrades Zhou Qiren, Ji Xiaoming, and Peng Zhaoping gave valuable opinions during the discussion of the article.)

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CSO: 4006/917

PROVINCIAL AFFAIRS

GANSU'S HOU ZHONGBIN ON SIXTH 5-YEAR PLAN ACHIEVEMENTS

HK080323 Lanzhou Gansu Provincial Service in Mandarin 2200 GMT 7 May 86

[Text] In his government work report delivered at the fourth session of the sixth provincial people's congress, Vice Governor Hou Zhongbin said that during the Sixth 5-Year Plan, output of the province's major products reached or surpassed the targets set by the plan. The province also completed a number of capital construction and technological transformation products.

The province fulfilled 1 or 2 years ahead of schedule the plans for output of major agricultural products, except for a few items such as tobacco. The Sixth 5-Year Plan called for grain output of 5.25 to 5.5 million tons by 1985. The province has maintained output above 5.3 million tons since 1983. Output of oil-bearing crops, cotton, and sugarbeet respectively overfulfilled the planned targets by 87.8 percent, 2.7 percent, and 50 percent. Readjustments were carried out regarding 39 out of 100 major industrial products as a result of changes in the market, with supply exceeding demand. Output of the 61 other products reached or exceeded the targets set by the plan. Growth in output of energy, raw materials, and consumer goods was relatively great. A number of capital construction and technological transformation projects were also completed. Some 2.87 billion yuan in investment were spent on renovation and transformation projects, and 5.67 billion yuan in investment in capital construction were spent, a rise of 21.7 percent compared with the Fifth 5-Year Plan. Some 3,151 projects went into operation or gave benefit, increasing the fixed assets by 4.2 billion yuan, a rise of 26.2 percent over the Fifth 5-Year Plan period.

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CSO: 4006/1035

PROVINCIAL AFFAIRS

GUIZHOU PEOPLE'S CONGRESS HOLDS PLENARY SESSION

Hu Jintao Attends Opening

HK300831 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 28 Apr 86

[Excerpts] Spring is very much in the air and everything in Guiyang looks fresh and gay in April. The fourth session of the sixth Guizhou Provincial People's Congress opened at the Provincial Government auditorium on the morning of 28 April. Permanent chairmen of the presidium act as executive chairmen of the sessions. These are Zhang Yuhuan, Xia Yewen, Luo Dengyi, Bai Lin, Ran Yannong, Wang Bingyun, Qian Yunzhong, Liang Wanggui, and Zhou Yansong. The presidium was composed of leading comrades of the provincial CPC committee, the provincial advisory committee, the provincial discipline inspection committee, the provincial government, the provincial CPPCC committee, and the provincial military district, Hu Jintao, Wang Chaowen, Ding Tingmo, Su Gang, Shen Yunpu, (Liu Hanzheng), Zhang Shukui, Liu Yulin, Xu Caidong, Zhang Yuqin, Miao Chunting, Song Shugong, Li Xiangong, Wang Fuqing, Yang Hanxian, Tang Hongren, Mao Tieqiao, Zhu Yuru, Yuan Jiaji, Jian Xianai, Wang Qingyan, Meng Sufen, Zhang Chaolun, Wang Jingyuan, Chu Zhenmin, and Jiao Bin. Also seated with the presidium were (Xie Jinghan), the responsible person of the provincial higher people's court, and Li Ling, responsible person of the provincial people's procuratorate.

The session was presided over by Zhang Yuhuan, executive chairman of the session and chairman of the provincial people's congress standing committee.

Provincial Governor Wang Chaowen gave a report on the province's Seventh 5-Year Plan.

[Begin Wang recording] All delegates, on behalf of the provincial people's government, I am now going to give you a report on the province's Seventh 5-Year Plan for economic and social development for examination and approval.

The Seventh 5-Year Plan adopted at the recently concluded fourth session of the Sixth NPC is a blueprint for China's economic and social development in the latter five years of the 1980's. It indicates that China's socialist modernization construction has entered a new stage. [end recording]

The governor delivered a 20,000-character report to the representatives of the 30 million people of various nationalities in the province, on China's Seventh 5-Year Plan for economic and social development. His report was divided into five parts.

1. A review of the implementation of the Sixth 5-Year Plan. 2. The fundamental tasks and targets of the Seventh 5-Year Plan. 3. The focus of economic construction in the Seventh 5-Year Plan and the main policies and measures. 4. The targets and tasks of economic structural reform during the Seventh 5-Year Plan. 5. Vigorously strengthen the building of socialist spiritual civilization.

Wang Chaowen said that to guarantee the fulfillment of the main tasks and targets of the Seventh 5-Year Plan, the province must give play to its strong points, improve [word indistinct] results, lay down a good foundation, and increase reserve strength. Proceeding from the future exploitation of natural resources and readjustment of the production structure, the province must: Vigorously develop agriculture; speed up the development of the energy, communications, and raw materials industries; increase production of consumer goods; speed up scientific and technological advancement and the training of talented people; and expand economic and technological ties with other provinces and foreign countries. The province must treat development in the above five fields as the focus so as to promote the development of the whole economy and the fulfillment of all tasks.

Members attending the 4th meeting of the fifth provincial CPPCC committee attended the opening session as observers. Also attending the session as observers were some deputies to the sixth NPC, and responsible persons from all departments of the provincial CPC committee, the provincial people's congress standing committee, the provincial government; from all Guiyang bureaus of all ministries and commissions under the State Council; and from all higher learning institutes in Guiyang.

The fourth session of the sixth provincial people's congress held its second plenary meeting at the provincial people's government auditorium on the afternoon of 28 April.

The meeting was presided over by Luo Dengyi, executive chairman of the session.

The participants first listened to a draft report by (Zhou Banghua), director of the provincial planning commission, on the economic and social development plan for the province in 1986.

(Zhou Banghua) said that according to the arrangements in the draft plan, the province's industrial and agricultural output value will increase by 10.07 percent over 1985. The province's GNP for 1986 will increase by 12.4 percent over 1985. The province's national income will increase by 11.3 percent. The fixed assets investment made by enterprises owned by the whole people will reach 1.504 billion yuan.

He said that to ensure the fulfillment of the plan for 1986 and to win the first battle in the Seventh 5-Year Plan, great efforts should be made to firmly grasp the following tasks.

1. Continue in-depth discussions in rural areas on reaping bumper harvests to get rich.
2. Widely hold discussions in industrial enterprises on increasing production and income.
3. Firmly grasp the circulation channel.
4. Vigorously develop horizontal economic ties.
5. Strengthen and improve macroeconomic control.

Then (Long Xinyang), director of the provincial finance department, delivered a draft report to the meeting on the province's final accounts for 1985 and financial budget for 1986.

The province's financial revenue in 1985 was 1.449 billion yuan, and its expenditure 2.387 billion yuan. There was a balance of 294.88 million yuan at the end of 1985, which was the balance between revenues for 1985 plus subsidies granted by the central authorities and the balance carried forward from 1984 on the one hand, and the expenditures for 1985 on the other hand. This balance figure shows a slight increase over that at the end of 1984.

On the province's budget for 1986, (Long Xinyang) said that the principle governing the province's budget for 1986 is to: Act upon financial policies and maintain a steady increase in financial income on the basis of promoting production and improving economic results; act in accordance with the financial system; further perfect various financial and taxation systems and reform measures; continue to support in a planned way and with emphasis, large and medium-sized enterprises in carrying out technical renovation; act according to our capability and give full play to our own abilities; ensure priority projects while taking general ones into consideration; develop education, science and technology; reasonably increase expenditures in subsidizing agricultural production; continue to improve people's livelihoods; and to maintain a balance between revenues and expenditures for 1986.

From 29 April onward, the delegates will discuss and examine in panel groups the three reports given by Wang Chaowen, (Zhou Banghua) and (Long Xinyang). Members attending the fourth session of the fifth provincial CPPCC committee also attended yesterday afternoon's plenary meeting as observers.

Session Concludes

HK080327 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 7 May 86

[Excerpts] The fourth session of the Sixth Guizhou Provincial People's Congress victoriously concluded in Guiyang on 7 May. The session called on the people of all nationalities to unite closely, display the spirit of the foolish old man, and work in concert to victoriously fulfill the province's

Seventh 5-Year Plan. The closing ceremony was attended by responsible comrades of the provincial CPC committee Hu Jintao, Wang Chaowen, and Ding Tingmo.

The session elected (Zhang Youru) as a replacement member of the provincial people's congress standing committee.

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CSO: 4006/1035

PROVINCIAL AFFAIRS

HU JINTAO ATTENDS GUIZHOU PROVINCIAL CPPCC SESSION

Meets New CPPCC Members

HK081553 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 6 Apr 86

[Excerpt] On the afternoon of 6 May, provincial party, government, and army leaders met with new standing committee members and members of the provincial CPPCC committee elected at the fourth session of the fifth provincial CPPCC committee. Among the provincial leaders were Hu Jintao, Wang Chaowen, Ding Tingmo, Shen Yunpu, Luo Dengyi, Xu Caidong, Jiao Bin, and leaders of the provincial CPPCC committee.

The new standing committee members and members of the provincial CPPCC committee were (Wang Siming), (Wang Zhuxiong), (Zheng Hanfeng), (Ding Xuan), (Sun Zhengdong), (Yin Guangzhong), (Ru Ruoqiu), (Zhou Yinyi), and (Shi Minzhao).

Further on Meeting

HK090243 Guiyang Guizhou Provincial Service in Mandarin 2200 GMT 6 May 86

[Excerpts] The fourth session of the fifth provincial CPPCC committee concluded at the provincial CPPCC auditorium on the afternoon of 6 May. Song Shugong, Meng Sufen, and Zhang Zhaolun, vice chairmen of the provincial CPPCC, acted as executive chairmen of the session. Miao Chunting, chairman of the provincial CPPCC committee; Li Xiangong, Wang Fuqing, Yang Hanxian, Tang Hongren, Miao Tieqiao, Zhu Yuru, Yuan Jiaji, Jian Xianai, Wang Qingyan, Wang Jingyuan, and Chu Zhenmin, vice chairmen of the provincial CPPCC committee, attended session and were seated on the rostrum. Provincial party, government, and army leaders Hu Jintao, Wang Chaowen, Ding Tingmo, Su Gang, Shen Yunpu, (Liao Hanzheng), (Liu Ruizhi), Zhang Yuhuan, Luo Dengyi, Qiao Yunzhong, Xu Caidong, and Jiao Bin attended the session and were seated on the rostrum. Hui Shiru, Wang Leting, and Sun Hanzhang, former responsible persons of the provincial CPPCC committee, also attended. A total of 456 members were present.

(Wang Siming) and (Wang Zhuxiong) were elected standing committee members of the fifth provincial CPPC committee; (Wang Siming) was also elected secretary general of the committee.

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CSO: 4006/1035

PROVINCIAL AFFAIRS

HEBEI CPPCC COMMITTEE MEETING OPENS IN SHIJIAZHUANG

Xing Chongzhi Attends Opening

SK071233 Shijiazhuang HEBEI RIBAO in Chinese 24 Apr 86 p 1

[Excerpts] The Fourth Session of the Fifth Hebei Provincial CPPCC Committee opened ceremoniously in Shijiazhuang, the capital of the province, on 23 April.

The simply decorated, solemn session hall was filled with an atmosphere characterized by democracy and unity. A CPPCC emblem hung at the center of the rostrum with 10 red flags on both sides and fresh flowers and green cypress in front.

Yin Zhe, chairman of the provincial CPPCC committee, presided over the opening ceremony.

Party, government, and army leading comrades, including Xing Chongzhi, Xie Feng, Li Wenshan, Yang Zejiang, Sun Guozhi, Zhang Chao, Ye Liansong, Lu Chuanzhan, Qu Weizhen, Bai Shi, Liu Ronghui, Chen Yujie, GuoZhi, Yue Zongtai, and Dong Xuelin, attended to extend warm congratulations.

Seated on the rostrum were Xu Chunxing, Zhang Ruolin, Bai Tieshi, Chen Lintang, Ma Zhouzhou, Li Ganliu, Wang Enduo, Ma Xinyun, Liu Zongyao, and Du Jingyi, vice chairmen of the provincial CPPCC committee; and Shi Xizhi, secretary general of the provincial CPPCC committee.

Also invited to today's session were Wang Youhui, Liu Zhenhua, Han Shufan, Liu Kedong, Chang Shouluan, and Jiang Shougui, members of the National CPPCC Committee; and Jia Qiyun, Lu Zhiguo, and Xu Ruilin, former vice chairmen of the provincial CPPCC committee.

At 0900, Yin Zhe declared the session open. All the participants rose when the national anthem was played.

Yin Zhe said in his speech: This session is convened shortly after the conclusion of the Fourth Session of the Sixth NPC and the Fourth Session of the Sixth National CPPCC Committee, and in the excellent situation in which the

political situation of the province has become more stable and united, economic construction is developing vigorously, and marked results have been achieved in the reform of various fields. Displaying the spirit of political consultation, democratic supervision, and cooperation in work, this session should hold earnest discussions and consultations on such major issues as the "Seventh 5-Year" Plan of our province, the plan for 1986 national economic and social development, and the building of the two civilizations in order to unify thinking and steps and to make new contributions to the implementation of the "Seventh 5-Year" Plan.

Major items of the agenda of this session are: 1) to hear and discuss the "Report on the Work of the Standing Committee of the Fifth Hebei Provincial CPPCC Committee"; 2) to hear and discuss the "Report on the Situation in the Handling of Motions Since the Third Session of the Fifth Hebei Provincial CPPCC Committee"; 3) to attend as nonvoting delegates the Fourth Session of the Sixth Hebei Provincial People's Congress; and 4) to elect additional Standing Committee members of the provincial CPPCC committee, to elect a new secretary general of the provincial CPPCC committee, and to approve the various resolutions of this Standing Committee.

Entrusted by the Standing Committee of the fifth provincial CPPCC committee, Vice Chairman Xu Chunxing delivered a report on the work of the Standing Committee at the session, and Ma Zhuozhou, vice chairman of the provincial CPPCC committee and chairman of its motions work committee, delivered a report on the situation in the handling of motions since the third session of the fifth provincial CPPCC committee. The session is scheduled to last for 7 days and to conclude on 29 April.

Vice Chairman Gives Report

SK101222 Shijiazhuang HEBEI RIBAO in Chinese 27 Apr 86 pp 1-2

[Excerpts] At the fourth session of the fifth provincial CPPCC committee, which opened on 23 April, Xu Cunxing, vice chairman of the provincial CPPCC committee, entrusted by the provincial CPPCC Standing Committee, delivered a work report.

The report states: Since the third session, and under the guidance of the party's principles and policies on the united front work and the leadership of the provincial CPC committee, the provincial CPPCC committee has done a great deal of work and scored certain achievements in promoting the program of building the socialist modernization, achieving a fundamental turn for the better in party style and social morale, and developing the patriotic united front by upholding the principle of conducting reforms, creating something new, continuously opening new fields of work, improving work methods, and upgrading work standards, and thanks to the common effort exerted by all CPPCC members and the staff members of the CPPCC organs.

1. Efforts have been made to exercise the function and power of political consultation and democratic supervision and to be the staff and assistants of the provincial CPC committee.

During the past year, our country has made a start in conducting overall reforms in economic systems with the work emphasis of urban transformation, and has achieved rapid development in this regard. We have also paid attention to relaying the relevant documents of the CPC Central Committee and the provincial CPC committee among the CPPCC members and introducing the development of building the two civilizations in order to enable them to learn as soon as possible about the national and provincial situations in terms of politics and the economy.

After issuing the guiding outline (draft) for 1986 work, the provincial CPC committee and the provincial people's government invited the responsible persons of the provincial CPPCC committee, the democratic parties, and the mass organizations concerned to hold a forum to solicit their opinions. The forum was presided over by Xing Chongzhi, secretary of the provincial CPC committee, and Zhang Shuguang, governor of the province. At the forum, participating comrades, with great political enthusiasm and an earnest and responsible attitude toward the discussion, spoke glowingly of the guiding ideology and main tasks for 1986 work and the concrete measures for continuously pushing forward the program of building the two civilizations, and submitted their opinions for amendments, of which some important opinions and proposals have been accepted.

In dealing with motions offered by the members, we have created a new work situation in which motions submitted by the members are many, the speed of handling the motions is rapid, and the results scored in disposition of motions are good. During the period from the third session of the fifth provincial CPPCC committee to March 1986, we received 585 motions offered by the members. The number of motions was greater than before, and the quality of the motions was higher than before. As of 15 March this year, we dealt with and responded to 570 motions, which accounted for 97.4 percent of the total number of motions that deserved to be handled. Thus, we better fulfilled the task of dealing with the motions during the period.

The opinions and proposals offered by the CPPCC members with regard to the province's major policies have drawn great attention from the departments concerned under the provincial CPC committee and the provincial people's government.

During the past year, the provincial CPC committee has also further strengthened leadership over the CPPCC work. In mid-February this year, the provincial CPC standing committee heard the report given by the leading party group under the provincial CPPCC committee with regard to a summation of 1985 work and the major outline of 1986 work. The standing committee also acknowledged the achievements and experience gained by the fifth provincial CPPCC committee during the past 3 years and offered its opinions for continuously advancing the CPPCC work.

2. Efforts have been made to bring into play the CPPCC strong point of being a galaxy of talent, and to serve the drives of conducting reforms and building the two civilizations.

In order to organize and enable the members and the personages of various circles with whom the members have set up close ties to actively suggest ways and means and to make contributions to the program of building the four modernizations, members of the provincial CPPCC committee and the work groups under it have conducted special investigations and held special discussions in line with the important issues of concern to the masses, such as systematic reforms, economic construction, and culture and education. They have also offered their opinions and proposals to the provincial CPC committee and the provincial people's government with regard to promoting what is beneficial and abolishing what is harmful.

In mid-January this year, the provincial and Shijiazhuang City CPPCC committees jointly organized an inspection group to carry out an inspection of the cultural and book markets, dance halls, and theaters throughout the capital of the province. They found that the market style was characterized by poor management, that illegal tabloids and publications with fantastic and vulgar content were still sold and lent, and that dance halls and theaters were poor in terms of both management and order. In particular, dance halls perpetuated malpractices and overly indulged in business dealings. All of these have violated the provisions issued by the central departments concerned.

By bearing in mind their professional work and proceeding from the current need for conducting reforms and economic construction, various work groups have held many discussions on specific topics. In November 1985, the educational work group held a special forum on conducting reforms in educational systems, at which participants offered their proposals on the issues of improving leadership over education, strengthening scientific research forces, dealing with the shortage of funds and teachers, and conducting reforms in managerial systems in order to cope with the problems cropping up in vocational and technical education while conducting educational reforms. In January of this year, the group held a discussion and offered proposals for amendments to the "temporary (draft) provisions" on enforcing the 9-year compulsory education throughout Hebei Province.

3. Efforts have been made to enhance the propaganda and liaison work to Taiwan and foreign countries and to carry out the people's diplomatic activities.

In order to help the CPPCC members, the staff members of the work commission in charge of reunifying the motherland, and the personages of circles concerned further understand the party's principles and policies on Taiwan and foreign countries, we have held many report meetings on the situation regarding the policy toward Taiwan and foreign countries and also held a forum to study the grand policy on "one country with two systems." In 1985 we wrote almost 100 propaganda articles on foreign policies, of which 42 were adopted by journalist units.

4. Efforts have been made to carry forward the spirit of conducting reforms and creating something new and to do a good job in compiling the historical accounts of past events.

In order to meet the needs of the development of the situation and to enable the work of compiling the historical accounts of past events to better serve the program of building socialist spiritual civilization, we have made all-out efforts to improve the methods of collecting and compiling the historical accounts of past events by displaying the spirit of conducting reforms and creating something new. In 1985 we published three volumes of the "Selected Works of Hebei Provincial Historical Accounts of Past Events."

5. Efforts have been made to enhance guidance and contract with the CPPCC committees at the city and county levels and to create a new situation in the CPPCC work throughout the province.

In July 1985, we made an on-the-spot investigation of the CPPCC work in Qinhuangdao City and the two counties under the city. In early and mid-September 1985, we and the United Front Work Department under the provincial CPC committee jointly organized 7 investigation groups participated in by the chairman or vice chairmen of the provincial CPPCC committee, and a number of cadres at the section level, to go to 8 provincial-level cities (1 city level district), and 30 counties of the 9 prefectures to investigate or learn about the service rendered by the CPPCC work to the program of building the two civilizations. They held extensive discussions with the CPPCC comrades at the grassroots level units on some questions with universal applicability and helped them sum up their experience and discover some typical cases with specific characteristics. In mid-December 1985, on the basis of making full preparations, we held the second experience-exchange meeting on the CPPCC work at city and county levels to sum up and exchange the methods and experience gained by the CPPCC committees at city and county levels in carrying out the CPPCC work in an all-around way under the leadership of the party committees at all levels by concentrating on rendering service to the program of building the four modernizations, and bringing into play the CPPCC function of political consultation and democratic supervision and the CPPCC strong point of being a galaxy of talent.

In his work report, Xu Cunxing stated: The year, 1986, is the first one in fulfilling the Seventh 5-Year Plan in an overall way. In line with the demand set forth by the provincial CPC committee, the emphasis of the CPPCC work is to help the party and the governments implement the "Seventh 5-Year Plan," and to pay much attention to the programs of conducting reforms and building socialist spiritual civilization while continuously doing a good job in grasping economic construction. The details of these tasks are as follows:

1. Continuous efforts should be made to unclog the channels of political consultation and to enrich the content of consultations in order to better bring into play the function and power of the CPPCC committees.

2. Efforts should be made to further bring into play the CPPCC strong point of being a galaxy of talent and to put forth their wisdom and strength in line with the provincial Seventh 5-Year Plan and the central tasks of the provincial CPC committee and the provincial people's government.
3. Efforts should be made to regard as an important task of the CPPCC committees the work of helping the party and the governments enhance the building of spiritual civilization. In straightening out party style and combating evil social morale, efforts should be made to bring into play the CPPCC role of democratic supervision, to boldly expose the problems in this regard, and to conduct criticism against the evil trends and offer proposals for improvement.
4. Efforts should be made to frequently organize the CPPCC members and the social personages in a timely manner to carry out study activities, to continuously carry forward the fine tradition of the people's political consultations, and to voluntarily study Marxism-Leninism-Mao Zedong Thought and current politics in order to enhance self-education and self-improvement.
5. By continuously holding high the patriotic banner, efforts should be made to strengthen the contact between the CPPCC members compatriots," and to expand the patriotic united front through their extensive contacts and friendly activities.
6. Efforts should be made to further invigorate the work of collecting and compiling the historical accounts of past events.
7. Efforts should be made to earnestly implement the spirit of the forum sponsored by the National CPPCC Committee with regard to local CPPCC work, to assist the United Front Work Department under the provincial CPC committee to further strengthen the guidance and contacts with the CPPCC committees at city and county levels, and to study and discuss the CPPCC problems with universal applicability in order to help the CPPCC committees at city and county levels sum up their experience, carry forward their achievements, and further create a new situation in work.
8. Efforts should be made to deeply conduct propaganda work and education on the theories and policies concerning the united front work. We should make concerted efforts with the United Front Work Department under the provincial CPC committee in organizing the forces of various circles to carry out research concerning the theories and policies of the united front work and to convene the provincial seminar on theories of the united front work. By making use of mass media, such as newspapers and radio and television broadcasting stations, efforts should be made to extensively publicize the character, position, and role of the CPPCC committees in the new historical period and to expand the CPPCC influence among the people.
9. Efforts should be made to have the CPPCC organs vigorously carry out building ideologically and organizationally in order to strive to achieve a fundamental turn for the better in party style and in organizational work style within the year and to strive to create civilized units.

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CSO: 4006/1035

PROVINCIAL AFFAIRS

FOURTH SESSION OF SIXTH PROVINCIAL PEOPLE'S CONGRESS OPENS

SK120712 Shijiazhuang HEBEI RIBAO in Chinese 26 Apr 86 p 1

[Excerpts] The Fourth Session of the Sixth Hebei Provincial People's Congress ceremoniously opened in Shijiazhuang at 0900 on 25 April.

At the session, Vice Governor Li Feng delivered the "Report on Hebei Province's Draft Seventh 5-Year Plan for Economic and Social Development," and submitted the draft "Seventh 5-Year" Plan to the congress for discussion.

Executive chairmen of the meeting held on the morning of 25 April were Sun Guozhi, Wu Qingcheng, Guo Zhi, Yue Zongtai, Zhang Zhenchuan, Pan Chengxiao, Liu Ying, Wang Yu, Han Qimin, Wang Youhui, and Li Tie, executive members of the Presidium of the sixth session of the sixth provincial people's congress.

Seated on the rostrum were Xing Chongzhi, Xie Feng, Yang Zejiang, and Yin Zhe, as well as executive chairmen of the 25 April meeting and other leading members of the congress Presidium.

Seated on the rostrum at the 25 April meeting were Li Wenshan, Li Feng, Zhang Chao, Ye Liansong, Lu Chuanzan, Qu Weizhen, Bai Shi, and Chen Yujie, responsible comrades of the provincial CPC committee. Also seated on the rostrum were responsible members of the provincial advisory commission, the provincial people's government, the provincial CPPCC committee, the provincial military district, the various democratic parties, the provincial higher people's court, and the provincial people's procuratorate, including Wang Zuwu, Hong Yi, Zhang Ruolin, Bai Tieshi, Chen Lintang, Ma Zhuozhou, Li Ganliu, Wang Enduo, Ma Xinyun, Liu Zongyao, Du Jingyi, Dong Xuelin, Zhang Pingdong, Liu Zhiqi, Yang Naijun, Liu Zhenhua, Zhu [name indistinct] and Yu Zhenzhong.

Also seated on the rostrum were Wang Zheng, Zeng Mei, Fei Guozhu, Niu Shucui, Hu Kaiming, Cao Youmin, Ge Qi, Ding Tingxin, Zhao Zhenzhong, Huang Hua, Zhou Xueao, Jia Qiyun, and Lu Zhiguo.

At 0900 on 25 April, Sun Guozhi, executive chairman of the meeting and chairman of the provincial people's congress standing committee, declared the meeting open. All the 910 deputies and other personnel participating in the meeting rose to their feet when the PRC's national anthem was played.

Then, Vice Governor Li Feng, on behalf of the provincial people's government, delivered the "Report on the Province's Draft Seventh 5-Year Plan for Economic and Social Development."

Attending the meeting as observers were the CPPCC members participating in the fourth session of the fifth provincial CPPCC committee; responsible members of the various departments and commissions under the provincial CPC committee; responsible persons of the organs of the provincial people's congress standing committee; and responsible persons of the various departments under the provincial people's government.

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PROVINCIAL AFFAIRS

REPORTAGE ON JIANGXI CPPCC SESSION IN NANCHANG

Session Hears Reports

OW060317 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 4 May 86

[Excerpts] The Fourth Session of the Fifth Jiangxi Provincial CPPCC Committee held a second plenary meeting this afternoon to hear a report by Shen Hanqing, vice chairman of the provincial CPPCC committee, relaying the guidelines of the Fourth Session of the Sixth CPPCC National Committee, and one by Wu Yunzhong, vice chairman of the provincial CPPCC committees, on the guidelines of the National Forum on Local CPPCC Work. Executive chairmen of today's session were Lu Ziaopeng, Lu Liang, and Li Shanyuan.

Vice chairmen of the provincial CPPCC committee, including Yang Yongfeng, Liu Jianhua, Wu Yongle, Wu Tiyu, and Jin Liqiang were present.

CPPCC Meeting Ends

OW101736 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 9 May 86

[Excerpts] After completing all the tasks specified in its agenda, the fourth session of the fifth Jiangxi Provincial CPPCC Committee closed at the Zhongshan Hall in Nanchang this afternoon.

Today's meeting was jointly chaired by Yang Yongfeng, Liu Jianhua, and Wu Tiyu, vice chairmen of the provincial CPPCC committee. Seated at the rostrum were Wu Ping, chairman of the provincial CPPCC committee; Liu Xiaopeng, Shen Hanqing, Lu Liang, Li Shanyuan, Wu Yongle, Jin Liqiang, and Wu Yunzhong, vice chairmen of the provincial CPPCC committee; and members of the Standing Committee of the provincial CPPCC committee.

Attending the meeting by invitation were Xu Qin, Zhao Zengyi, Wang Shufeng, Zhu Zhihong, (Lin Yisheng), (Liu Zhonghou), Zhao Zhijian, (Chen Guidun), Fang Qian, Laio Shaoyao, Ni Nanshan, Zhu Danhua, and (Gui Siuying), who extended their congratulations on the closing of the Fourth Session of the Fifth Provincial CPPCC Committee.

At 1500 Yang Yongfeng declared the meeting open.

The first item on the agenda was to elect the additional members of the Standing Committee of the Fifth Jiangxi Provincial CPPCC Committee. By a show of hands, the meeting elected (Li Peiyao), (Qiu Weiyang), (Kang Kuangshi), (Yang Xiaochun), (Guo Kemi), and (Zhu Guohua) as members of the Standing Committee.

The meeting urged CPPCC organizations and members throughout the province to rally more closely under the leadership of the Jiangxi Provincial CPP Committee, display the pioneering spirit of waging hard struggle and of the foolish old man in moving the mountain, carry forward the fine traditions of the CPPCC, advance in a down-to-earth manner, and make concerted efforts to fulfill our province's Seventh 5-Year Plan. The meeting also approved a report on the examination of the motions submitted to the Fourth Session of the Fifth Provincial CPPCC Committee.

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PROVINCIAL AFFAIRS

NI XIANCE DISCUSSES JIANGXI'S 7TH 5-YEAR PLAN

OW071451 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 6 May 86

[Text] In his report to the Fourth Session of the Sixth Jiangxi Provincial People's Congress, Governor Ni Xiance set forth the guiding thought, goals, and basic tasks of our province's Seventh 5-Year Plan.

Ni Xiance said: The overall guiding thought for our province's Seventh 5-Year Plan was spelled out for us by Comrade Hu Yaobang, who said that Jiangxi should strive to accelerate its economic development at a slightly higher speed than the nation's average, and should go a step further in invigorating the economy and opening to the outside world. The goals in economic and social development for the period of the Seventh 5-Year Plan are as follows: To strive to basically complete the foundation of a socialist economic system with Chinese characteristics and full of life and vigor, and to vigorously promote science and technology and exploit intellectual resources. By 1990, while economic results are constantly improved, total agricultural and industrial output value shall reach 43 billion yuan and the gross provincial product 34.4 billion yuan, both more than double the figures for 1980; the major indexes of economic results in industry shall approach the nation's average; local financial revenue shall reach 3.5 billion yuan; the per capita consumption level of urban and rural residents shall grow about 45 percent as compared to 1985; the living standards of people in the old revolutionary base areas shall show marked improvement; and there shall be further improvement in the quality of life and in the living environment and in living conditions.

Ni Xiance emphasized that, in order to realize the goals set for the period of the seventh 5-year plan, the following eight guiding principles must be followed: 1. Persist in placing reform above everything else, correctly handle the relationship between reform and construction, and make sure that total social demand and supply are basically balanced so that reform and construction can adapt to and promote each other. 2. Make persistent efforts to open to the outside world with still bolder steps. Promote international economic and technological cooperation and exchange as well as lateral economic ties. Through such endeavors, make active use of capital, technologies, talented people, and management experience from overseas and from other parts of the country and apply them in exploiting our province's rich resources and

speeding up our province's economic development. 3. Persist in focusing attention on improving economic results in all aspects of economic work, give prominence to improving product quality and reducing material consumption, find out and decide what economic growth rate is best suitable to the actual conditions in our province, and promote a proportionate and efficient development of the economy. 4. Persist in vigorous development of the rural economy with development of agriculture as the foundation, and make efforts to lengthening the two short legs of diversified agricultural production and village and town enterprises. 5. Persist in promoting science and technology and exploiting intellectual resources with the understanding that it is of strategic importance, and speed up development of undertakings in science and technology and in education. 6. Adhere to the principle of concentrating construction efforts mainly on technical renovation, reconstruction, and expansion of existing enterprises. Fix the scale of investment in accordance with the state plan, step up technical renovation of enterprises, and accelerate construction of energy, transport, telecommunications, and raw materials projects. 7. Persist in efforts to improve the material and cultural life of people in urban and rural areas on the basis of developing production and increasing labor productivity, correctly handle the relationship between developing production and improving people's living standards, and continue to carry forward the traditional spirit of hard struggle and building up the country through thrift and hard work in all undertakings. 8. Persist in simultaneously promoting material and spiritual civilization. While building socialist material civilization, efforts should be made to attain a high degree of socialist spiritual civilization.

Ni Xiance said: Agriculture is the foundation of the national economy. We must further restructure production in the rural areas to bring about all-round invigoration of the rural economy. This will be the emphasis of the entire economic work during the Seventh 5-Year Plan. It is also the key to ensuring steady growth of the economy of the whole province. We must further restructure industry by appropriately speeding up development of the consumer goods industry, stepping up construction of the energy and raw materials industries, and developing the machine-building, electronic, and other industries in order to achieve an industrial structure with Jiangxi's characteristics. We must gradually correct the imbalance between tertiary industry and primary and secondary industries, concentrate attention on the construction of transport and telecommunications projects and the development of commercial service and tourist industries, and see to it that the growth of output value of tertiary industry will exceed the growth in value of the gross provincial product.

Ni Xiance said: During the Seventh 5-Year Plan period, we must pay attention to education as much as we do to economic construction, and must realize that it is of strategic importance to promoting science and technology. This is a fundamental task which affects the whole situation will bring about a considerable improvement in education and science in the province. In developing science and technology, emphasis should be placed on serving economic construction, particularly on tackling key economic projects with potentially high economic results. In education, it is necessary to act in accordance

with the principle of meeting the needs of modernization, the world, and the future by developing schools of various branches of learning at various levels in a coordinated and balanced manner and greatly enhancing our capability to train competent personnel. Effective measures should be taken to make competent personnel want to stay, to lure talented people to our province and make reasonable use of them, and to build a contingent of scientists and engineers with fairly high qualifications.

Ni Xiance pointed out: In developing the economy in the old revolutionary base areas, it is necessary to rely mainly on local resources and to aim at achieving common prosperity. The emphasis of our work should be on helping the people in these areas to find ways to shake themselves free from poverty and become well off and to solve the problem of sufficiency in food and clothing. To enable the old revolutionary base areas rid themselves of backwardness, it is necessary to implement the principle of relying on local resources, promoting coordinated efforts by the various departments, and using state support while achieving invigoration through joint efforts and further relaxing policy controls so as to enhance the vitality of these areas. Support from all trades and departments is needed to invigorate the economy of the old revolutionary base areas. We must mobilize and organize all the forces of society to support construction in these areas at various levels, through various channels, and in various forms.

Ni Xiance stressed: During the Seventh 5-Year Plan period, we must make further efforts to open still wider to the outside world, in every direction, and with even bolder steps. We must develop foreign trade, use foreign capital, and import technologies on a much wider scale. At the same time, active efforts must be made to develop tourism as well as cooperation with foreign countries in construction and labor service projects. In opening to the outside world, we must pay attention to exports as well as imports. The essential thing in expanding efforts to attract capital and technology is that we must be able to increase exports and earn more foreign exchange. We must make full use of the capital and the talented people we obtain from other provinces and step up the transfer of advanced technologies from the coastal areas to our province in order to renovate enterprises and develop our province's resources.

Ni Xiance said: The most important and fundamental guiding principle for economic and social development during the Seventh 5-Year Plan period is to persist in giving first place to reform and make active and careful efforts to push all reforms. This is the key to successful fulfillment of the construction tasks set for the Seventh 5-Year Plan period. There are three main aspects in economic structural reform during this period. First, we must further invigorate enterprises, especially big and medium-sized ones. Second, we must make further efforts to develop the socialist commodity market and gradually improve the market system under the guidance of the state plan. Third, we must step up and perfect our macroeconomic management system and perfect our means of regulation.

An important factor in restructuring the economic system during the next 5-year period is to promote lateral economic ties by stressing the work in the following six areas: 1) We will actively promote ties with regions and enterprises which are financially sound and technologically strong so that we can attract their capital and technology. 2) We will organize all kinds of joint enterprises, such as production and marketing enterprises, by coordinating the operation of large and medium-sized mainstream manufacturers with small manufacturers to produce quality goods. 3) We will organize joint enterprises that handle on their own production, supply, and marketing of agricultural and sideline products as well as industrial goods in accordance with the natural flow of commodities so that new forms of commercial operations combining agriculture, industry and commerce can be gradually established. 4) We will gradually centralize heat and gas supply in cities where industries are relatively concentrated, and we will gradually promote specialized production in areas where operation among manufacturers can be centralized. 5) As the enterprises and research organs of of Jaingxi's defense industry are technologically strong and well equipped, we will promote joint military-civilian undertakings and accelerate the transfer of military technology to the civilian sector. 6) We will ensure that industrial enterprises in cities will expand toward surrounding suburbs and counties. By branching out, they should help promote the growth of rural enterprises. In particular, they should help promote economic growth in the old revolutionary areas by intensifying economic and technical assistance to their counterparts in these areas.

Ni Xiance stressed: During the next 5-year period, we must consider our consumption needs, as well as the needs of production and construction, and maintain a proper proportion between accumulation and consumption. On the basis of promoting production and increasing national income, we should continue to improve the people's living standards. We should, in accordance with the state's centralized planning, improve the distribution of income among the people and continue to uphold the policy of letting some people become affluent ahead of others. While we must exert efforts to combat egalitarianism, we must guard against irrational and excessive disparity of income between workers in our enterprises and people in society as a whole. We must firmly stop the conduct of competing with each other in raising pay, increasing benefits, and issuing bonuses in cash or in kind, and intensify the work of properly guiding people on consumption. We must attach great importance to planned parenthood and continue to act firmly in controlling population growth.

Ni Xiance said: During the next 5 years, we must intensify the implementation of socialist laws while expediting reforms and construction, and our material construction must proceed hand in hand with spiritual construction so that our socialist modernization program can be smoothly carried.

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CSO: 4006/1033

PROVINCIAL AFFAIRS

JILIN HOLDS PEOPLE'S CONGRESS STANDING COMMITTEE MEETING

Major Agenda Items Listed

SK070606 Changchun Jilin Provincial Service in Mandarin 0930 GMT 6 May 86

[Excerpts] The 19th standing committee meeting of the 6th provincial people's congress was held in Changchun City on 6 May. The major agenda items of the meeting were to relay and study the spirit of the Fourth Session of the Sixth NPC, to discuss the draft resolution on studying and implementing the spirit of the session, to examine and discuss the provincial draft provisions on forest management and the draft provisions on economic contract management, to discuss the draft resolution on putting an end to the two local laws and regulations, to hear and discuss the report given by the provincial people's government with regard to the implementation of the PRC accounting law and the report on conducting reforms in scientific and technological systems throughout the province, and to examine and discuss the draft plan formulated by the provincial electoral committee with regard to electing next term deputies at county and township levels.

Huo Minguang, vice chairman of the provincial people's congress standing committee, presided over the plenum of the meeting on 6 May. At the plenum, Chairman Zhao Xiu delivered a speech, in which he relayed the spirit of the Fourth Session of the Sixth NPC.

At the meeting, Zhu Jinghang, vice chairman of the provincial people's congress standing committee, delivered a speech, in which he spoke enthusiastically of his personal understanding gained from the Fourth NPC session.

Attending the meeting were vice chairmen of the provincial people's congress standing committee, including Liu Cikai, Cui Lin, Wang Jiren, Yu Ruihuang, Dong Su, Renqinzhamusu, and Xu Yuancun.

Attending the meeting as observers were Wang Jinshan, vice governor of the province; Li Xiangwu, chief procurator of the provincial people's procuratorate; and responsible comrades from the provincial higher people's court, the departments concerned under the provincial people's government, and from the offices at all levels of the standing committees of city or autonomous prefectural people's congresses.

Meeting Concludes

SK140854 Changchun Jilin Provincial Service in Mandarin 0930 GMT 13 May 86

[Excerpts] The 8-day 19th standing committee meeting of the 6th Jilin Provincial People's Congress ended in Changchun today. The meeting called on the people of various nationalities throughout the province to work in unity and with one heart and one soul under the leadership of the provincial CPC committee, to display the spirit of the foolish old man who moved the mountain while doing pioneering work, to actively participate in the great practice of the Seventh 5-Year Plan, and to strive to successfully fulfill all tasks during the province's Seventh 5-Year Plan period.

Zhao Xiu, chairman of the provincial people's congress tanding committee, presided over this afternoon's plenary meeting. At the meeting the participants unanimously adopted a resolution of the provincial people's congress standing committee on conscientiously studying and implementing the guidelines of the Fourth Session of the Sixth NPC.

This afternoon's plenary meeting also adopted the Jilin provincial provisions on economic contract management, a resolution of the provincial people's congress standing committee on putting an end to the provisional regulations of the Jilin Provincial People's Government on placing minor criminals and violators of law under social supervision and management and on conducting education among them, and a resolution of the provincial people's congress standing committee on putting an end to the provisional regulations of Jilin Province on levying and managing the civil lawsuits fees. The meeting also adopted a plan of the Jilin Provincial Electoral Committee on electing next term deputies at the county and township levels, and a namelist of the appointments and dismissals of personnel.

Attending the meeting were vice chairmen of the provincial people's congress standing committee, including Huo Mingguang, Liu Cikai, Cheng Shengsan, Cui Lin, Wang Jiren, Yu Ruihuang, Dong Su, Renqinzhamusu, Zhu Jinghang, and Xu Yuancun. Li Xiangwu, chief procurator of the provincial people's procuratorate, and the responsible persons of the provincial higher people's court, the relevant provincial government departments, the various city and autonomous prefectural people's congress standing committee, and the Baicheng office attended the meeting as observers.

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CSO: 4006/1035

PROVINCIAL AFFAIRS

NEI MONGGOL'S BU HE DISCUSSES SEVENTH 5-YEAR PLAN

SK020413 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 1 May 86

[Text] In his report on the draft Seventh 5-Year Plan, Chairman Bu He said: In order to fulfill the basic tasks of the Seventh 5-Year Plan, we should adopt the following strategic measures:

1. We should continue to enhance our understanding, and persistently place reform in the first place. We should correctly understand and handle the relationship between reform and construction, further readjust production relations to make them suit and promote the development of productive forces, effect a change of the old economic system into a new one, and basically establish a foundation for a socialist economic system with Chinese characteristics, and full of vitality and vigor. Governments and leading persons at all levels should unify their understanding of the protractedness, complexity, and importance of reform, and resolve, through reform, all the unavoidable contradictions and difficulties cropping up in the course of reform. They should never let their faith in reform be shaken no matter what difficulties and complications they encounter, nor should they turn back to the old road whenever difficulties arise. As has been proved in practice, there will be no way out if we turn back.

2. We should continue to thoroughly implement the principle of developing diverse undertakings with the focus on forestry and animal husbandry, and further carry out the various infrastructure for agriculture successfully. Agriculture is the foundation of the national economy, and grain is the foundation of the foundation. Never at any moment should we deviate from this idea. Upholding the principle of greatly developing animal husbandry is of great political and economic significance. The general requirement is to attach equal importance to quantity and quality, to develop production and management at the same pace, to take both cropping and pastoral areas into consideration, to raise both plant-eating animals and omnivorous animals simultaneously, and to bring the production level and economic results of our region's animal husbandry up to a new stage. The key to readjusting the production setup of the rural and pastoral areas is that we should, first, continue to plant trees and grass persistently with great efforts, and guarantee a stable development in the quality of tree and grass planting; and second, continue to develop township enterprises vigorously, give play to the role of local advantage in resources, and make our products readily

marketable. Through the development of township enterprises and the operation of rural industries to support agricultural production, we should gradually establish, in the rural areas, an operational system of coordinated production, processing and marketing.

3. We should strengthen and improve the macroeconomic control, and further bring into balance the relations among the various sectors of the national economy. We should gradually combine the role of planning with that of market, and the microeconomic flexibility with macroeconomic control, and gradually perfect the various economic and legal means, and supplement them with necessary administrative means in order to control and regulate the operation of the economy, and reorient the economic development toward a new track. In the meantime, we should make a success of the coordinated reforms of planning, prices, and wages, and blaze a new road in which the macroeconomic control system coordinates well with the microeconomic self-regulating mechanism.

4. We should make a breakthrough in weak links, and enhance our reserve strength in economic development. In our region, the economic foundation is rather weak, and there are many factors restricting the economic development. At present and for some time to come, the [words indistinct] are: 1) The strained transportation and communications; 2) a lack of talented people; and 3) a serious shortage of funds. During the Seventh 5-Year Plan period, we should exert great efforts to achieve breakthroughs in these three aspects through reform, planning, and construction, and make [word indistinct] preparations for the overall economic and social development in the 1990's.

5. We should greatly expand lateral economic contacts, and establish a crisscross and vigorous economic network. The general idea is the cooperation between southern and northern parts of the region, the exchange between the eastern and western parts of the region, the introduction of investment from abroad and the establishment of lateral ties at home, and the mutual support between the urban and rural areas. The cooperation between the southern and the northern parts means the cooperation between cropping and pastoral areas, and the full play of the role of grain in the southern part of the region, and the role of animal husbandry in the northern part of the region. The exchange between the eastern and the western parts means to strengthen the association, cooperation and ties between the two economic areas in the eastern and the western parts of our region. The establishment of lateral ties at home and the introduction of investment from abroad means the implementation of an open strategy to develop lateral economic ties in both quality and range. The mutual support between the urban and the rural areas represents a new task for economic development in the new situation. We should make the best use of the situation, pay attention to the performance of the radiative functions of central cities, and, through joint operation, technology transfer, and labor division and cooperation, realize common prosperity of the urban and the rural areas with the former leading the latter, and the latter supporting the former. In the meantime, we should further do a good job in the reform and construction of small market

towns, further expand the exchanges and contacts between the urban and the rural areas, and enable the urban and the rural economies to infiltrate, supplement, and support each other, and enable industry, agriculture and animal husbandry to develop in a coordinated manner.

6. We should strengthen leadership, improve our workstyles, and upgrade the government work to a new level.

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CSO: 4006/1035

PROVINCIAL AFFAIRS

WORK REPORT OF NEI MONGGOL PEOPLE'S CONGRESS STANDING COMMITTEE

SK100354 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 8 May 86

[Work report of the regional people's congress standing committee delivered by Batubagen, chairman of the regional people's congress standing committee, at the fourth session of the sixth regional people's congress--with portions recorded]

[Text] [Begin recording] Fellow deputies:

Entrusted by the regional people's congress standing committee, I hereby make a report on the work of the standing committee since the third session of the sixth regional people's congress. Since the third session of the sixth regional people's congress, the standing committee has conscientiously implemented the guidelines of the Third Session of the Sixth NPC and the national conference of party delegates, has conscientiously studied the resolutions adopted by the third session of the sixth regional people's congress, has grasped the legislation and supervision work focusing on the economic structural reform and the modernization drive, has performed the rights entrusted by the Constitution, the local administrative laws, and the laws on the regional national autonomy, and has exploited the role of the local state power organs. [end recording]

Chairman Batubagen reported the work, in its four aspects, done by the standing committee since the third session of the sixth regional people's congress. First, it has grasped the local legislation work focusing on the economic and national legislation. Second, it has strengthened the supervision over the local state administrative organs, the judicial organs, and the procuratorial organs centering on the building of the two civilizations. Third, through organizing the people's deputies to conduct investigations and through conscientious handling of motions raised by the deputies, [words indistinct]. Fourth, it has further strengthened the contacts with the people's congress standing committees of various cities, banners, counties, and districts.

[Begin recording] Fellow deputies, since the third session of the sixth regional people's congress, the work of the regional people's congress standing committee has been developed continually and soundly in our course of conscientiously implementing the Constitution, the local administrative

laws, and the laws on the regional national autonomy. However, our work still falls short of the standards stipulated by the laws and the people's demands. We should constantly sum up experiences and strive to improve our work. The year 1986 is the first year of the Seventh 5-Year Plan as well as a year for consolidating, digesting, supplementing, and improving our achievements. The regional people's congress standing committee should grasp construction with one hand, and the legal system and the guiding ideology with the other hand; should conscientiously implement the guidelines of the national conference of party delegates and the Third Session of the Sixth NPC; should vigorously strengthen with one heart and one mind the socialist democracy, perfect the socialist legal system, strengthen national legislation, economic legislation, and supervision over the laws; and should make great efforts to ensure a smooth development of the regional economic structural reform and the socialist modernization drive, and to ensure the fulfillment of the region's Seventh 5-Year Plan. [End recording]

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PROVINCIAL AFFAIRS

WANG LINZHONG REPORTS ON NEI MONGGOL PROCURATORIAL WORK

SK101102 Hohhot Nei Monggol Regional Service in Mandarin 1000 GMT 8 May 86

[Text] In his work report to the fourth session of the sixth regional people's congress, Wang Linzhong, chief procurator of the regional people's procuratorate, said: Since the beginning of last year, procuratorial organs at all levels throughout the region have subjected themselves to the guidance of the guidelines of the 3d Plenary Session of the 12th CPC Central Committee and the National Conference of Party Delegates; have developed their professional work in line with the guiding ideology of submitting themselves to and serving the party's general tasks and goals, the principle of opening to the outside world and invigorating the domestic economy, and the policy decisions for the economic structural reform; and have made fresh headway and scored remarkable achievements in dealing strict blows to serious criminal and economic crimes, in protecting the citizens' personal and democratic rights, in striving for a fundamental improvement in public security, and in protecting and promoting the reform and construction programs.

In his report, Chief Procurator Wang Linzhong pointed out: In 1986 we should regard as the guiding ideology Comrade Deng Xiaoping's important instruction on grasping construction with one hand and grasping the legal system with the other hand, should continue to deal blows to serious criminal offenses in line with the principle of dealing with criminal offenses severely and promptly according to the law, and should effect a stable improvement in public security on the basis of effecting a remarkable improvement in it. In addition, we should comprehensively carry out all items of the procuratorial work, centering on dealing blows to serious economic crimes.

Chief Procurator Wang Linzhong said: Strengthening the self-construction of the procuratorial organs is of great significance in building a democratic society characterized with a legal system, in safeguarding the dignity of the Constitution and the laws, and in penetratingly conducting the campaigns of dealing blows to serious criminal offenses and economic crimes. At present, we should vigorously intensify the ideological and political work, should administer the police in a strict manner, should attend to the training work to improve the competence of cadres and policemen, and should make new contributions to stepping up the democratic dictatorship by the people and safeguarding and promoting the economic reform, the open policy, and the four modernizations.

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CSO: 4006/1035

PROVINCIAL AFFAIRS

NINGXIA SECRETARY'S SPEECH TO PROVINCIAL CONGRESS

HK160437 Yinchuan NINGXIA RIBAO in Chinese 30 Apr 86 pp 1, 2

["Excerpts of Li Xuezhong's Speech to Fourth Session of Fifth Ningxia People's Congress"]

[Text] Comrades:

The current sessions of the regional people's congress and CPPCC are a complete success. These two sessions are the sessions for drafting our strategic plan and presenting a grand blueprint, carrying forward the revolutionary cause and forging ahead into the future, and triumphantly fulfilling the tasks enumerated in the Seventh 5-Year Plan. They will inevitably exert a tremendous influence over Ningxia's political, economic, and social life and give impetus to the development of various undertakings. At the sessions, the delegates and members have made many useful and constructive proposals which have enlightened us and promoted our work. On behalf of the regional CPC committee, let me take this opportunity to express my heartfelt thanks to the delegates to the people's congress and members of the CPPCC who have contributed to the building of Ningxia's spiritual and material civilizations.

Now I would like to present some views on the Seventh 5-Year Plan.

I. Reform Is the Central Task of the Seventh 5-Year Plan Which Should Be Carried on Through To the End

Reform is the only way out for China's four modernizations and the bridge leading to national revitalization. Besides reform, there is no other way out for China as well as Ningxia. It is a distinctive characteristic of the Seventh 5-Year Plan to put the overall reform of the economic structure in the first place. Comrade Xiaoping said that the central task of the Seventh 5-Year Plan is reform. The key to satisfactorily accomplishing the construction tasks during the Seventh 5-Year Plan period, maintaining a sustained, steady, and coordinated development of the economy, and preserving the necessary reserve strength for the continuous economic and social development during the 1990's [word indistinct] in reform.

In recent years, Ningxia has made explorations and great efforts on reform. We have achieved remarkable successes in rural reform and gained initial results in urban reform. Reform has invigorated our urban and rural economies, brought for the gratifying changes in the people's lives and mental attitude, enlisted extensive support from the masses, and become an irresistible historical trend giving impetus to economic development and social progress.

The going reform is an extensive, profound revolution. It intends to reform the old economic pattern and establish a new economic system with Chinese characteristics. The substitution of the old system for a new one covers an extremely arduous and complicated process which may give rise to certain frictions and conflicts. We must have a correct understanding of the problems emerging in reform rather than complain about or negate reform or waver in our confidence in reform, still less should we attribute the current unhealthy tendencies to reform. The solution to the problems of reform can be found only through the course of the deepgoing process and perfection of reform. In this regard, to be at a standstill or slip back to the beaten track will not work. While old problems are constantly being solved, new problems will constantly raise. Therefore, we must make a study of the new situation, solve new problems, accumulate new experiences, and push reform forward. The mistakes made in exploration and reform should be strictly differentiated from the practices that take advantage of reform to engage in unhealthy tendencies. We must resolutely curb unhealthy tendencies and courageously carry out reform. We must protect, support, and help the reformers. In recent years, a large number of pioneers in Ningxia have enthusiastically plunged themselves into the reform. With the spirit of forging ahead and the courage to think, act, and make explorations, they have made great contributions to the development of Ningxia's reform and economic construction. Although some of them may have shortcomings and even make mistakes in work, we should never negate their achievements and spirit of reform. Regarding the reformers who have chosen the correct path and advanced with big strides but have encountered numerous obstacles; we should share their burdens and help them tide over their difficulties. With regard to the reformers who have attained marked successes in reform and also made mistakes, we should affirm their achievements as well as seriously carry out criticisms and help them correct their mistakes. As to the reformers who have suffered setbacks and even failures due to lack of experience, we should enthusiastically help them sum up experience, boost their morale, and encourage them to forge ahead. We must resolutely investigate and deal with those who take advantage of reform to seek private gains and who violate laws and discipline. Regarding those who stick to old ways and who are good only at making indiscreet remarks, spreading rumors, and laying obstacles to reform rather than doing practical work, we should spare no time to carry out criticisms and education.

Developing lateral economic ties constitutes an important part of the reform of the economic structure. It will be of far-reaching impact to the exploitation of natural resources and rational use of funds, the circulation of commodities and establishment of a unified socialist market, technological progress and rational exchange of qualified personnel, rationalization of the economic structure and regional distribution, elimination of the barriers

erected between regions and departments, and the reform of the economic structure and the socialist modernization program. Facts have proved that lateral economic ties can bring forth better results, productive forces, and qualified personnel which are beneficial to both sides and society.

Ningxia has done a great deal of work recently in developing lateral economic ties and has achieved fairly good results. We must keep abreast of the current situation, enthusiastically support the lateral economic ties of various forms, earnestly solve the problems arising from the work, and create favorable conditions in policies and laws for the development of lateral economic ties.

While developing lateral economic ties, we should adhere to the progress. As Ningxia's conditions are relatively poor in many fields, it is our common aspiration to invite investment, technology, equipment, and qualified personnel from other provinces and regions by means of lateral economic ties so as to rationally distribute the various production factors of enterprises and benefit them. However, as two parties are related in the development of lateral economic ties, we should not merely think of the petty, immediate advantages to ourselves or expect for big advantages immediately after developing lateral economic ties. We should take the overall situation into account, have our eyes on the future, adopt preferential and effective policies and measures, and vigorously develop lateral economic ties.

The 5 years' work depends on a good start in the first year. The year 1986 is the first year of the Seventh 5-Year Plan. From the very beginning of the plan, we should grasp our work firmly and in a down-to-earth manner and maintain the overall balance of the national economy so that the national economy will increase at an appropriate rate and will develop in a sustained, steady, and coordinated manner. We should think more of the difficulties and complicated matters, predict the problems that may arise, and work out counter measures to deal with them.

Agriculture is the foundation of the national economy. We must seriously implement central document No 1 and the spirit of the regional rural work conference and earnestly grasp this year's agricultural production. The various measures to increase production should be carried out to ensure the steady growth of grain production. We must further readjust the production setup, vigorously develop a diversified economy, and build well the bases for commodity production. We must help town and township enterprises solve their difficulties in information, funds, technology, and marketing and support and give impetus to the further development of town and township enterprises.

We must pay close attention to industrial production. It is necessary to further improve enterprise management, cut down production costs and consumption, improve the quality of products, solve the problems of shortage of raw materials and floating capital and of certain unsalable goods, and ensure the normal operation of production. We must continue to do well the work of turning deficits into profits. Regarding the enterprises whose economic

results are poor and that have suffered deficits for a long time, the relevant departments should analyze the cases, find out the reason, fix the responsibilities in light of different circumstances, and give these enterprises a definite time to make up their deficits.

Efforts should be made to expand foreign trade and increase exports. We must further improve product quality and increase the variety and quantity of export goods. We must establish a production base for various export commodities centered on the Taixi coal mine and implement the policy of increasing exports and earn more foreign exchange so that this year's foreign exchange earned through exports will increase by a big margin.

II. Mountain Areas and Plains Should Help Each Other, Learn From Each Other's Strong Points to Offset Their Weaknesses, and Take the Road to Common Prosperity

It is the common desire of the people of all nationalities in Ningxia's mountain areas and plains to vigorously develop the region's national economy and realize the objective of "bringing about an upswing in Ningxia's economy" at an early date. Owing to historical and natural conditions, Ningxia's economic foundation has been weak, its efficiency poor, and its development uneven. In order to accelerate the development of Ningxia's national economy, the mountain areas and plains should help each other, learn from each other's strong points to offset their weaknesses, and take the road to common prosperity.

"Learning from each other's strong points to offset their weaknesses" means that both mountain areas and plains have their respective advantages and disadvantages. Proceeding from the actual situation, they should overcome the unfavorable conditions, develop their strong points, and break a new path for economic revitalization. "Mountain areas and plains should help each other" means that Ningxia's economy should be taken as a whole. As the mountain areas and plains are interdependent, they should unite and help each other forward. "Common prosperity" means that in the process leading to prosperity, some plain mountain areas may become well-off before others. Those getting well-off earlier than others should support and help the poverty-stricken areas extricate themselves from poverty and gradually take the road to common prosperity.

The CPC Central Committee and the State Council have paid great attention to the people in Xihaigu area. The party organizations, people's congresses, and CPPCC at all levels in Ningxia have also attached great importance to the development of the mountain economy and improvement of the people's living standards. Over the past few years, we have adopted a series of policies and measures and have given support in finance, materials, manpower, and intellectual resources to help develop the economic and social undertakings in the mountain areas.

First, we have enacted correct principles for the construction of the mountain areas. Following the 3d Plenary Session of the 11th CPC Central Committee, the regional authorities put forward the following principle for

construction in mountain areas: "Vigorously grow grass and plant trees, promote agriculture with animal husbandry, and develop agriculture, forestry, animal husbandry, and sideline occupation in an all-round way in line with local conditions." The principle for 1983 was "the plains and mountain areas should help each other" and for 1985, grow grass and plant trees and vigorously develop animal husbandry, animal by-products, and processing industry.

Second, we have implemented the policies and measures of giving preferential treatment, relaxing restrictions, and supporting the poor. For example, in 1980, the regional authorities enacted the policy of tax and purchase exemptions for 5 years; in 1984, there was a 13-point policy to help the poverty-stricken mountain areas extricate themselves from backwardness as quickly as possible; and the mountain areas in the south will be exempted from farm taxes for 5 years commencing 1985 and their animal husbandry taxes will also be reduced.

Third, financial support. Apart from the investment in capital construction and the operating expenses for agriculture, forestry, and animal husbandry, the state allocated special funds from 1979 to 1985 totaling over 470 million yuan to support the construction of mountain areas.

Fourth, a total of over 200 million yuan has been invested in the construction of the Tongxin pumping station project in Guhai which can irrigate an area of 500,000 mu and solve the problems of water for drinking and production purposes of 200,000 people.

Fifth, the building of joint-farms and outflow of labor. This is an important measure for supporting the poor. Since 1983, we have move and resettled more than 80,000 people and have set up 13 joint farms. This year we will continue to move another 30,000 people. The number of people moved during the Seventh 5-Year Plan period will total 220,000. A large population and surplus labor are the advantages of the mountain areas. By organizing educated youths of the mountain areas to work in factories, mines, transport units, building industry, service trades, and overseas projects, they can master technical knowledge as well as increase income.

Sixth, we have made investment in intellectual resources. We have enrolled students who are to return to their former units after graduation, lowered the marks required for enrollment, increased the number of students enrolled from mountain areas, set up primary and secondary boarding schools for the Hui people, run different kinds of training classes, and adopted various forms to train qualified people urgently needed by the mountain areas.

Seventh, we have supported the poverty-stricken areas with scientific and technological means. For example, the Xibei Water and Soil Conservation Institute, the Lanzhou Desert Institute, Xibei Agricultural College, Beijing Forestry Institute, Ningxia Agricultural College, and Ningxia Institute of Agricultural Science have established a number of scientific research units

in the mountain areas to explore and popularize the methods and experience of maintaining ecological balance in mountain areas and developing the mountain economy.

Eighth, we have strengthened leadership over work in mountain areas and called on all trades and professions to support the mountain areas. The autonomous region has set up a leading organ specially for the construction of mountain areas and sent a number of young and middle aged cadres to work in the mountain counties. This year the regional authorities have again transferred 200 cadres to stay at the grassroots units to help the mountain areas extricate themselves from poverty and take the road to prosperity.

With the vigorous support of various quarters and the arduous efforts of the mountain people, gratifying changes have taken place in the mountain areas. In 1985, the total industrial and agricultural output value of the 8 mountain counties reached over 460 million yuan. Most of the localities attained the goal of "curbing destruction within 3 years" ahead of schedule and 80 percent of the peasants basically solved their food and clothing problems. Of the total, around 10 percent of the peasants became well-off. Furthermore, a number of typical examples of turning poverty into prosperity emerged which accumulated experience, illuminated the path, and enhanced the confidence in putting an end to backwardness in the mountain areas. Naturally, we should also be aware that the current conditions for production in mountain areas are still poor, some localities still have a serious shortage of drinking water, the average per capita income is yet too low, and around 20 percent of the peasants do not have enough to eat and wear. On the one hand, we should popularize the typical examples of turning poverty into prosperity in the mountain areas, and on the other hand, we should try by every means to solve the existing problems and sum up new experience.

We must adopt a realistic attitude and apply the stand, viewpoint, and method of dialectical materialism and historical materialism to analyze, understand, and solve the problems regarding mountain construction and the uneven economic development between mountain areas and plains.

First, the backwardness of the mountain areas is a consequence of various factors including historical and natural conditions. In order to put an end to such backwardness, the problem should be tackled in a fairly long period. As the mountain areas have difficulties greater than the plains, the former should put in a lot of painstaking work to follow the road to prosperity. Therefore, we should proceed from practice while taking the construction of the mountain areas into account. We should be aware of its arduousness and protracted nature and should adopt vigorous measures and work hard to speed up the development of the mountain areas and put an end to the backwardness as quickly as possible.

Second, it is necessary to correctly handle the relationship between the construction of mountain areas and that of the plains. The mountain areas and plains are two different kinds of economic areas in which each

has its own characteristics. Instead of following the same pattern in economic development, we should combine the development of the plains with the exploitation of the mountain areas, promote our work gradually from the plains to the mountain areas, and enable the mountain areas and plains to help each other forward. While developing Ningxia's economy, we should give priority to some specific areas. However, we should not mechanically carry out the construction of the areas one by one. Viewed from Ningxia's Seventh 5-Year Plan, most of the small projects are in the mountain areas, while the major projects are in the plains. This is determined by various factors including the law of nature and the commodity economy.

In accordance with the law of nature and the economy, we should guide action in light of circumstances, accelerate the development of the plains, exploit the mountain areas, make the most of the advantages of the plains and mountain areas, and promote Ningxia's economic prosperity.

Third, the central and regional authorities allocate a considerable amount of construction funds to the mountain areas every year. These funds should be properly managed and invested in construction projects and should bring about better economic returns. In the construction of the mountain areas, it is necessary to uphold the principle that integrates state aid with self reliance. First of all, we should invigorate the economy of mountain areas so that they can mainly rely on their own strength to accelerate their economic development. Secondly, we should mobilize and concentrate the forces of all fields to support the mountain areas.

Fourth, it is necessary to further strengthen leadership and adopt various effective measures to vigorously support the construction of the mountain areas. We should mobilize the forces of all fields to better serve the construction of the mountain areas. We should do a good job of the production, purchasing, and processing of farm and sideline products, unclog the circulation channels, strengthen information services, and particularly exploit intellectual resources and support the poverty-stricken areas by applying scientific and technological means. In accordance with the tradition and characteristics of each locality, we should run well town and township enterprises that need less investment and can bring about quick economic returns. The stress should be put on processing industry and service trades. The mountains areas and plains should develop lateral economic ties and learn from each other's strong points to offset their weaknesses. So long as we unite as one, work hard in a down-to-earth manner, make the most of mountain advantages, adopt flexible policies and measures, and maintain a practical style of work, we will certainly be able to put an end to the backwardness of the mountain areas and gradually lead the mountain areas in the south to prosperity.

III. Be Resolute, Make Great Efforts, and Earnestly Carry Out the Building of Socialist Spiritual Civilization

In order to strengthen the building of socialist spiritual civilization, it is necessary to effect a turn for the better in party style and general social

mood. The central authorities are determined to correct the party style. We should follow the requirements of the central authorities and make strenuous efforts for 2 years to effect a fundamental turn for the better in party style. Following the meeting of 8,000 officials of the central organs, Ningxia has done a great deal of work and made new progress in correcting party style. We have basically curbed the unhealthy tendencies in 6 respects as pointed out in the circular issued by the General Offices of the CPC Central Committee and the State Council. While investigating and handling the major and important cases, we should overcome our weaknesses, stick to principles, and dare to tackle tough problems. We must do a good job of correcting party style among leading organs, leading cadres, and certain trades and develop the work of correcting party style in depth.

While correcting party style, we must never slacken our efforts to correct social general mood. One of the manifestations of the current unhealthy general social mood is "putting money above everything else." Some people become jealous and forget all moral principles at the sight of money. For the sake of petty profits, they are even willing to lower their dignity and sell their soul. This runs counter to the virtue of the Chinese nation and is incompatible with the communist ideology. A man should have some spirit. Even our forefathers had advocated "planning and worrying ahead of the people and enjoying the fruits after them," being impervious to the temptation of wealth and high positions, and dying for principles. In our socialist society today, we should have lofty ideals, carry forward the tradition and style of honesty, hard work, and plain living, wholeheartedly serve the people, and never become slaves of stinking money.

While we are putting the stress of work on correcting party style and general social mood, we should avoid the misunderstanding that party style and general social mood problems exist everywhere. It is the self-perfection of our party and socialist country to correct party style and general social mood. We should be aware that the main trend of the current party style and general social mood is healthy, that the majority of party members, cadres, masses, and children of cadres are good, and that positive factors occupy a dominant position. Only by looking at the situation in such a manner will it conform to a realistic, dialectical viewpoint and only by adhering to this point can we enhance our confidence in effecting a fundamental turn for the better in party style and general social mood.

It is necessary to vigorously strengthen ideological and political work according to the needs of the new situation. We should make efforts to conduct ideological and political work among the broad rank of cadres and strengthen people's ideological awareness. In recent years, large numbers of advanced units and exemplary figures have emerged on various fronts in Ningxia. We should publicize their advanced thinking and exemplary deeds so as to educate and encourage the people.

A high degree of socialist democracy and a perfect socialist legal system are the guarantee for carrying out the building of the four modernization and the reform of the economic structure as well as for China's long-term

stability. Leading cadres at all levels should clearly understand Comrade Deng Xiaoping's strategic guiding thinking on "grasping construction on the one hand and the legal system on the other" while carrying out the four modernizations, resolutely eliminate the tendencies that ignore the building of the legal system, and heighten the awareness of safeguarding the socialist legal system. It is necessary to make a careful study for the new problems arising in the new period and further establish and perfect the various laws and regulations. We must popularize knowledge on law throughout society so that everyone will know, understand, and abide by the laws. Party cadres and members should take the lead in studying and abiding by the Constitution and laws. They should never try to substitute their views or power for law or overstep their authority to interfere in the judicial activities of the political and legal organs.

Following the struggle to sternly attack criminal offenses and measures taken to maintain social order, the number of criminal cases in Ningxia has gradually declined and social order has improved remarkably. However, economic crimes and robbery cases have increased recently due to the loopholes in public security work within certain enterprises, factories, and institutions. All units should take precautions and establish and perfect the contracted responsibility system in public security work so as to maintain overall social order. We must continue to sternly punish the serious criminal offenders according to law and investigate and deal with the various economic criminal activities. Whoever is involved should be investigated and dealt with according to the seriousness of the case. We must puncture the arrogance of economic crime so as to ensure the smooth progress of reform and construction.

Vigorously developing education, raising the nation's level of science and culture, and training qualified people for socialist [words indistinct] are the important elements in building spiritual civilization. We cannot speak civilization without culture and construction without qualified people. Comrade Deng Xiaoping said: "The key to the success or failure of reform lies in discovering the promoting qualified people." We cannot train qualified people without education. Therefore, we must increase investment in intellectual resources, develop different kinds of educational undertakings at various levels, use modern scientific and cultural knowledge to arm the people and enrich and raise their cultural accomplishment and realm of thought, and speed up the training of a generation of new socialist people with lofty ideals, morality, education, and a sense of discipline. We should cherish qualified people and adopt appropriate measures to train, select, and use them so that our era will become one in which people of talent will constantly come forth in large numbers.

IV. Carry Forward the Spirit of the Foolish Old Man and Make Contributions to the Fulfillment of the Seventh 5-Year Plan

The Seventh 5-Year Plan period is a crucial, golden period. It is a "crucial period" because the work during this period is related to whether China's economic development strategy and economic system will further change from

the old pattern to a new one and basically lay the foundation for a new socialist economic system with Chinese characteristics; whether we can store up strength for the economic upswing during the 1990's and the continuous social development thereafter; and whether the quadrupling of the total industrial and agricultural output value and the strategic objective of "bringing about an upswing in Ningxia's economy" will be realized by the end of the century with assurance. It is a "golden period" because the current political and economic situation is excellent; the principles and policies of the party and state are well-coordinated and becoming perfect with each passing day; the people are living and working in peace and contentment and are fully confident in the future of the state; Ningxia's political and economic situation was excellent during the Sixth 5-Year Plan period; the fulfillment of the Sixth 5-Year Plan laid solid material strength for the economic development during the Seventh 5-Year Plan period; and the peaceful international environment is extremely favorable to us. We must seize this opportune moment, mobilize the people of all nationalities throughout the region, carry forward the spirit of the foolish old man, and make contributions to the fulfillment of the Seventh 5-Year Plan.

The spirit of the foolish old man means working indomitably and steadfastly, advancing despite difficulties, and fighting unremittingly until we reach our goal. It is the valuable spiritual wealth of the Chinese nation and the fine tradition of our revolutionary ranks. During the war years, thousands upon thousands of revolutionary martyrs advanced bravely and overthrew the Three Big Mountains with the spirit of the foolish old man and under the leadership of our party. Today, in order to realize the grand objective enumerated in the Seventh 5-Year Plan and build China into a powerful, modern socialist country, we should carry forward the spirit of the foolish old man in a wider range. We should carry forward the spirit of the foolish old man in our minds as well as actions rather than pay lip service or engage in idle theorizing.

To carry forward the spirit of the foolish old man means relying on our own strength and working hard and energetically for the prosperity of the country. While fulfilling the tasks of the Seventh 5-Year Plan, all localities and units may encounter difficulties of every description. We must press forward in the face of difficulties, take the subjective initiative and creativity, rely on our own strength, and try by every means to overcome the difficulties. While on duty, each person should do his utmost to fulfill his obligation, be the first to bear hardships and the last to enjoy comforts, give no thought to personal gains or losses, and contribute his all to our great cause. You comrades here should take the lead in fulfilling the tasks of the Seventh 5-Year Plan. You are the backbone forces of various departments on all fronts. The party and people have placed great hopes on you. You should realize the heavy responsibilities you have undertaken. With a sense of responsibility to the party and people, you should promptly express the demands and will of the people, give full play to the role of democratic supervision, and use your exemplary deeds to influence the people and encourage them to devote themselves to reform and contribute to the four modernizations. The party members among the people's congress delegates and CPPCC members have twofold responsibilities. They should set strict demands on themselves, take the lead in

publicizing the party's line, principles, and policies, conscientiously observe state laws and decrees, and play an exemplary role in every aspect.

To carry forward the spirit of the foolish old man means to adopt a realistic attitude and solid work style, do more work rather than indulge in empty talk, and wholeheartedly serve the people. We should adopt a new pose, take on a new look, and play in turn to adapt ourselves to the new tasks in the new period. Leading organs and cadres at all levels should combine their fervent revolutionary enthusiasm and serious scientific attitude with a responsible, realistic spirit, proceed in everything from practice, and act according to the objective law. They should get rid of bureaucratism, forsake the "yamen" work style, cater to the needs of the grassroots units, serve the masses, make thorough investigations and studies, and solve practical problems. They should have a boundless sense of responsibility in their work, never dispute over trifles or shift responsibility onto others, increase efficiency, and improve the quality of their work. They should seriously study Marxism-Leninism-Mao Zedong Thought, acquire scientific knowledge, constantly improve their ideological, educational, and professional quality, enhance the foresight, systematicness, and scientific nature of their work, forsake a dependent mentality and sticking to old ways and conventions, work with initiative, and create a new situation in all fields of endeavor. The people's congress is the organ of state power which performs the function of supervision over the state administrative organs. It plays an extremely important role in realizing socialist democracy and ensuring that the people are masters of the country. The CPPCC is a patriotic united front organization and a place with a galaxy of talent. It performs the function of political consultation and democratic supervision over the major principles and policies of the state. The people's congress and CPPCC at all levels throughout Ningxia have effectively performed their functions and made outstanding contributions in many fields. In accordance with the needs of the new situation, we should do our work vigorously and play a greater role in developing socialist democracy, exercising supervision, and promoting the building of spiritual and material civilizations.

In order to carry forward the spirit of the foolish old man, we should think and work with one heart and one mind, unite and cooperate with each other, pool the wisdom and efforts of the masses, and accomplish the tasks with an indomitable spirit. To fulfill the Seventh 5-Year Plan and realize the objective of bringing about an upswing in Ningxia's economy are the general interests of the whole region and the common aspiration of the people of all nationalities in Ningxia. Each locality, department, unit, and comrade should take the overall situation into account, put partial and local interests under those of the whole, take concerted action, help and support each other, learn from each other's strong points to offset their weaknesses, and advance side by side. It is necessary to resolutely resist and combat liberalism politically, individualism ideologically, and departmentalism in work. We must strengthen unity of various quarters, resolutely fight against the ideas and deeds that disrupt unity and affect the overall situation, consolidate and develop the political situation characterized by stability and unity, and create a fine social environment for the fulfillment of the Seventh 5-Year Plan.

Comrades, we have drafted the grand plan and sounded the bugle. With arduous efforts made in the next 5 years, I believe that a greater change will take place in Ningxia's economic and social outlook. Let us unite as one, make concerted efforts, carry forward the spirit of the foolish old man, and work indomitably and in a down-to-earth manner to triumphantly fulfill the Seventh 5-Year Plan.

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PROVINCIAL AFFAIRS

NINGXIA FIFTH PEOPLE'S CONGRESS SESSION CONCLUDES

HK140734 Yinchuan NINGXIA RIBAO in Chinese 30 Apr 86 p 1

[Report: "Fourth Session of Fifth Regional People's Congress Concludes"]

[Text] The 8-day fourth session of the 5th regional people's congress successfully concluded yesterday afternoon at the Ningxia Workers' Cultural Palace after fulfilling the prepared agenda.

The session urged the region's people of various nationalities to be dedicated heart and soul to the same course and be united under the leadership of the regional CPC committee and the regional people's government. They should carry forward the spirit of the Foolish Old Man who removed the mountains and actively take part in the great undertaking of the Seventh 5-Year Plan, so as to accomplish successfully the region's "Seventh 5-Year Plan" as well as to achieve the aim of "invigorating Ningxia" and other goals by the turn of this century.

The chairmen of yesterday's meeting were Li Xuezhi, Ma Qingnian, Hao Tingzao, Shen Xiaozeng, Liu Guofan, Xue Hongfu, Li Yunhe, Ma Youde, Ding Yimin, Li Shumin, Guo Wenju, Liang Feibiao, Feng Mao and Liu Xueji.

The closing ceremony was presided over by Ma Qingnian, executive chairman of the session.

The session adopted the resolution on the region's Seventh 5-Year Plan and the report on the Seventh 5-Year Plan; adopted the resolution on the region's 1986 national economic and social development plans; adopted the resolution on the region's 1985 final accounts and 1986 budget; adopted the resolution on the work report of the 5th regional people's congress standing committee; adopted the resolution on the work report of the regional people's higher court; and adopted the resolution on the work report of the regional people's procuratorate.

Moreover, yesterday's meeting acted on the proposal of the session's chairman and held a by-election in which Li Yunqiao [2621 0061 0829], Tian Ruixiang [3944 3843 4382], Ha Guilian [0761 6311 1670], and Ma Qixing [7456 0796 2450] were appointed as standing committee members of the 5th regional people's congress.

Then, Li Xuezhi, secretary of the regional CPC committee, delivered a speech at the meeting. (Excerpts of the speech is published in another article.)

At about 1600, the session completed the agenda. Ma Qingnian announced the successful conclusion of the 4th session of the 5th regional people's congress.

Also seated on the rostrum at yesterday's meeting were responsible people of the regional CPC committee, the advisory committee of the regional CPC committee, the discipline inspection of the regional CPC committee, the regional people's government, Ningxia Military District, the regional people's higher court, the regional people's procuratorate, the regional CPPCC and democratic parties; non-party democratic people; and retired old cadres: Hei Boli, Ma Sizhong, Cai Zhulin, Bai Zhenhua, Ma Yingliang, Jiang Guangdong, When Li, Ma Tengai, Yang Huiyun, Xia Siping, Wang Huan-min, Liu Desheng [0491 1795 0524], Zhang Shiru [1728 0099 0320], Ma Zhao, Lei Qilin, Chen Jingbo, Ma Likai, Zhang Yuan, Ma Liesun, Yang Yuchun, Yang Xin, Ma Dezong, Zhang Junxian, Lu Ming [7773 7686], Peng Linbai, Yang Zhengxi [2799 2973 9823], and so on.

All members of the fourth regional CPPCC who attended the fourth session attended yesterday's meeting.

The closing ceremony was also attended by responsible people of the regional departments concerned. PLA units attached to the Ningxian Military District and the regional armed police force.

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PROVINCIAL AFFAIRS

SHANDONG PEOPLE'S CONGRESS SESSION OPENS

SK110303 Jinan Shandong Provincial Service in Mandarin 2200 GMT 10 May 86

[Excerpts] The Fourth Session of the Sixth Shandong Provincial People's Congress opened ceremoniously at Jinan's Shenzhuquan Auditorium at 0830 on 10 May. Li Zhen, executive member of the presidium of the session, presided over the opening ceremony.

[Begin Li recording] The Fourth Session of the Sixth Shandong Provincial People's Congress is now open. The actual number of deputies of this people's congress is 1,035. A total of 136 have asked for leave, including sick leave, attending today's session are 899 deputies, which is a quorum. Liao Hansheng, vice chairman of the NPC Standing Committee, who is now conducting an inspection tour in our province, is also attending today's session. We extend our warm welcome to him. [applause] We also extend warm welcome to Comrades (?Wang Fu), and [name indistinct], deputies to the Sixth NPC elected by our province, and standing committee members of the NPC, who are invited to today's session. [applause] Now we will call upon Governor Li Changan to give a report on the Draft Seventh 5-Year Plan for Shandong Provincial Economic and Social Development. [applause] [End recording]

Governor Li Changan's report is composed of four parts: 1) a solid foundation for the economic and social development of the Seventh 5-Year Plan period laid by the successful fulfillment of the Sixth 5-Year Plan; 2) the guiding ideology, fighting goals, and major tasks for the economic and social development of the Seventh 5-Year Plan period; 3) the key to guarantee the smooth implementation of the Seventh 5-Year Plan; and 4) the building of government organs during the Seventh 5-Year Plan period.

Other executive members of the presidium present at the opening ceremony included Liang Buting, Jiang Chunyun, Li Zhen, Xiao Han, Xu Leijian, Gao Fengwu, Zhang Zhusheng, Xu Jianchun, and Lin Ping. Attending as nonvoting delegates were members to the fourth session of the fifth provincial CPPCC committee; responsible persons of the various work departments subordinate to the provincial people's government; responsible persons of the various departments, committees, and offices of the provincial CPC committee; deputy secretary general of the provincial people's congress standing committee; deputy director of the general office of the provincial people's congress standing committee; vice president of the provincial higher people's court; and deputy chief procurator of the provincial people's procuratorate.

On the afternoon of 10 May, the fourth session of the sixth provincial people's congress held its second plenary meeting at the Zhenzhuquan Auditorium. Xiao Han, executive member of the presidium, presided over the meeting. Wang Xin, chairman of the provincial planning committee, delivered a report on the draft plan for the Shandong provincial national economic and social development for 1986. Guo Changcai, director of the provincial finance department, delivered a report on the Shandong provincial 1985 final accounts, and the draft 1986 budget.

Beginning 11 May, the session will hold group discussions for 4 days on the reports given by Governor Li Changan, Chairman Wang Xin, and Director Guo Changcai.

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PROVINCIAL AFFAIRS

SHANDONG CONGRESS SESSION PRESIDUM HOLDS SECOND MEETING

SK180817 Jinan Shandong Provincial Service in Mandarin 2200 GMT 17 May 86

[Text] On the morning of 17 May, the presidium of the fourth session of the sixth provincial people's congress held its second meeting at the Nanjiao Guesthouse Club. The meeting unanimously approved the electoral method of the fourth session as well as heard and approved the report given by the motions examination committee with regard to motions disposition, and the report given by the budget committee with regard to the 1985 final accounts and the 1986 draft budget plan.

As of 1700 on 13 May, participating deputies at the session submitted 81 motions. After examination of the motions, the motions examination committee regarded 7 motions that will be dealt with after the session and 74 motions as proposals and advisory opinions.

The meeting agreed with the resignation application of a number of leading personnel and the namelist for the candidates of successors to these leading personnel to be submitted to the deputies for deliberation and consultation. The meeting agreed with the six draft resolutions on the provincial Seventh 5-Year Plan, the report on the Seventh 5-Year Plan, and on others to be submitted to the deputies for discussion.

Jiang Chunyun, executive member of the session's presidium, presided over the meeting. Also attending the meeting were executive members of the presidium, including Li Zhen, Xiao Han, Xu Leijian, Gao Fengwu, Zhang Zhusheng, and Xu Jianchun.

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PROVINCIAL AFFAIRS

SHANDONG PEOPLE'S CONGRESS STANDING COMMITTEE MEETING ENDS

SK071314 Jinan Shandong Provincial Service in Mandarin 2200 GMT 6 May 86

[Text] The 19th standing committee meeting of the 6th provincial people's congress concluded on 6 May. At the plenum of the meeting on the morning of 6 May, members approved the resolution on correctly implementing the state law and regulations concerning tax revenues and on enhancing the work of tax revenues, the namelist for the personnel readjustment of the credentials committee, and the resolution on personnel changes.

The meeting also approved in principle the work report given by the provincial people's congress standing committee, which will be submitted to the fourth session of the sixth provincial people's congress for approval; the namelist for the candidates of the presidium and secretary general to the fourth session of the sixth provincial people's congress, which will be submitted for election to the preparatory meeting for the fourth session; and the draft namelist for the personnel readjustment of the motions examination and budget committees.

Gao Fengwu, vice chairman of the provincial people's congress standing committee, presided over the meeting. Attending the meeting were Li Zhen, chairman of the provincial people's congress standing committee; and Xiao Han, Zhang Zhusheng, and Xu Jianchun, vice chairmen of the provincial people's congress standing committee.

Attending the meeting as observers were Lu Hong, vice governor of the province, and responsible comrades from the provincial higher people's court, the provincial people's procuratorate, the departments concerned under the provincial people's government, and from the people's congress standing committee of the provincial-level cities.

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PROVINCIAL AFFAIRS

SHANXI GOVERNOR ASSESSES SIXTH 5-YEAR PLAN ACHIEVEMENTS

Reports on Seventh 5-Year Plan

HK090121 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 8 May 86

[Excerpts] Governor Wang Senhao said in his report on the draft Seventh 5-Year Plan that great success was achieved in reform of the rural economic structure in Shanxi during the Sixth 5-Year Plan.

He said: Total rural social output value in 1985 reached 14,378,000,000 yuan, an increase of (110) percent over 1980, having risen at an annual average of 16.9 percent. Average annual grain production during the Sixth 5-Year Plan was 8,101,000 tons, compared with 7,227,000 tons during the Fifth 5-Year Plan, a rise of 12.1 percent. Average annual output of cotton and oilbearing crops also showed relatively great increases. The province's wheat output in 1985 was 2.95 million tons, a rise of 150 percent over 1980. The amount of wheat available per person reached 112.5 kilograms.

While crop cultivation developed, forestry, animal husbandry, and rural industry and sideline occupations also developed very quickly. The forest cover rose from 10.2 percent to 13.8 percent. Total income of the township enterprises in 1985 was 85 billion yuan, double the figure for 1980. The number of people working in these enterprises was 2.15 million, accounting for 28 percent of the rural labor force.

He pointed out: The province achieved relatively rapid development in education and science and technology during the Sixth 5-Year Plan. During the 5 years the province spent 3.61 billion yuan on education, science and technology, culture, public health, sports, and so on. This represented 28.2 percent of total spending during the period, and showed an increase of 117.5 percent compared with the Fifth 5-Year Plan. Spending on education amounted to 2.06 billion yuan, 116.8 percent more than during the Fifth 5-Year Plan. Investment in capital construction for education was 601 million yuan, 350 percent more than during the Fifth 5-Year Plan. The percentage of school-age children attending school and the consolidated percentage respectively reached 98.5 and 98.6. Thirty-seven counties and cities now have universal primary education.

Notes Improved Living Standards

HK110159 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 10 May 86

[Summary from poor reception] Governor Wang Senhao said in his report to the provincial people's congress session that there was a marked improvement in urban and rural living standards during the Sixth 5-Year Plan. Net peasant incomes more than doubled, while workers' wages rose at an annual rate of 7.7 percent. Jobs were found for some 600,000 people in the towns. Disposable income of urban families rose from 365.6 yuan in 1980 to over 560 yuan in 1985. Urban and rural savings deposits reached 5.29 billion yuan in 1985.

He said: Urban and rural incomes will grow further during the Seventh 5-Year Plan. Some 1.47 million people in the towns should be placed in jobs. Some 10 million square meters of workers' housing will be built. Urban infra-structural construction will be stepped up, and the environment improved.

Governor Wang Senhao said the province must continue to open up to the world, expand foreign trade, and use more foreign investment during the Seventh 5-Year Plan.

The governor said: "We must resolutely implement the basic national strategy on family planning during the Seventh 5-Year Plan and strictly control population growth. The natural population growth rate should be kept below 10.9 per 1,000 during the period of the plan. The province's population should not exceed 27.63 million by 1990."

On the energy question, Governor Wang Senhao said that the province will ship out to the rest of the country 980 million tons of coal during the Seventh 5-Year Plan. He said: The state attaches great importance to the development and construction of an energy base centered on Shanxi. By 1990, the province's coal output will reach 270 million tons, 27 percent of the national output. Railroad capacity for shipping coal out of the province will exceed 300 million tons a year. Annual power generation will exceed 30 billion kilowatt hours.

Links Better Management, Economic Results

HK120221 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 11 May 86

[Excerpts] Governor Wang Senhao pointed out in his report on the draft of the Seventh 5-Year Plan that correctly handling the relationship between growth rate and economic results and regarding the improvement of economic results as the cardinal link in all economic work constitutes one of the principles and policies that must be implemented very well during the period of the plan.

He said: The province's economic growth rate during the Seventh 5-Year Plan should be a bit lower than the actual figure for the Sixth 5-Year Plan.

This arrangement will help us to focus on improving economic results and to avoid excessive tension in economic relations. We can thus ensure the smooth progress of reform.

Wang Senhao stressed: The key to improving economic results lies in improving and modernizing enterprise management. In the future, in judging an enterprise's operational performance, we cannot just look at its output and output value but must make an overall examination of its output, output value, product variety, quality, input, production costs, and capital turnaround. In particular, we must regard developing new products, improving product quality, and lowering energy and raw material input as the focal points in improving economic results.

Governor Wang Senhao stressed in his report: During the Seventh 5-Year Plan, we must unswervingly assign to an important strategic position education and science and technology, step up our efforts to exploit brainpower, and promote technological progress.

He said: During the Seventh 5-Year Plan, the growth in spending on education must be higher than the growth in regular financial revenue. Average spending per student should increase gradually. We should also encourage and guide enterprises, collectives, popular organizations, and various social sectors to operate a variety of educational undertakings. We must introduce the 9-year compulsory education by stages and steps during the period of the plan, and also continue to readjust the structure of secondary education. By 1990, the number of students in vocational and technical senior secondary schools should be about equal to the number in ordinary senior secondary schools.

Efforts to develop tertiary education should be focused on tapping the potentials of the old schools. We should lay stress on developing various specialties. We should straighten out and improve adult tertiary education and continue to promote worker training. We should encourage people to become talented through self-study.

Science and technology work should continue to apply the principle of serving the province's economic construction, first serving the technological transformation of key enterprises.

Governor Wang Senhao said: In the past 5 years, while building socialist material civilization, we have paid attention to and stepped up the building of spiritual civilization.

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PROVINCIAL AFFAIRS

SHANXI PEOPLE'S CONGRESS SESSION CONCLUDES

HK170125 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 16 May 86

[Excerpts] The fourth session of the Sixth Shanxi Provincial People's Congress concluded in the Hubin Hall in Taiyuan on 16 May. The executive chairmen at the closing ceremony were Ruan Bosheng, Huo Fan, Wang Tingdong, Feng Sutao, Ma Guishu, Jiang Yi, Zhang Jianmin, Hui Yuyu, Wang Wenzhang, and Wang Xi. Also present were Wang Senhao, Wang Jiangong, Bai Qingcai, Lu Gongxun, Wang Maolin, Zhang Weiqing, Zhang Bangyi, Yi Honglin, Wang Kewen, Jia Jun, Hu Xiaoqin, Yan Wuhong, Guo Yuhuai, Li Xiuren, Zhu Weihua, Wang Xiujin, Ling Daxi, Yang Mingbao, Shi Xingsan, and others.

The session approved by show of hands resolutions on the province's Seventh 5-Year Plan; on the national economic and social development plan for 1986; on the 1985 final accounts and 1986 budget; on regulations on implementing the law on compulsory education; on regulations on the organization of city, county, and district people's congresses; and on accepting the resignation requests of Wang Xi, vice chairman of the provincial people's congress standing committee, and Zhang Weiqing, vice governor. The session elected (Feng Zhimao) as replacement vice governor and (Liu Yao) as a replacement member of the provincial people's congress standing committee.

The session also adopted resolutions approving the report of vice chairman Huo Fan on the work of the provincial people's congress standing committee; the report of court president Zhao Yaoren on the work of the provincial higher people's court; and the report of chief procurator Liu Yanqing on the work of the provincial procuratorate.

The session's resolution on Governor Wang Senhao's report on the draft of the province's Seventh 5-Year Plan pointed out that during the period of the plan the province should focus on energy, communications, education, science, and technology, technological transformation, environmental and ecological protection, and on helping poor areas to transform themselves. Hence, it is essential to handle correctly the relationship between growth rate and economic results. We must maintain an appropriate growth rate under the premise of improving economic results, strictly control investment in fixed assets, concentrate forces to ensure key construction projects, and carry out technological transformation of existing enterprises. We must ensure steady

growth in grain production while actively promoting diversified undertakings and township enterprises, and further invigorate the rural economy.

Focusing on building the province's energy, heavy, and chemical industry bases, we must [words indistinct] job in coal processing and conversion, rationally readjust the production structure and product mix, uphold the principle of opening up to the world, increase our ability to increase foreign exchange earnings from exports, and expand external economic and technological cooperation. We must persevere in assigning an important strategic position to education, science, and technology.

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PROVINCIAL AFFAIRS

SICHUAN PEOPLE'S CONGRESS HOLDS PLENARY SESSION

HK051518 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 4 May 86

[Excerpts] This morning the fourth session of the sixth provincial people's congress held its third plenary meeting. The participants listened to explanations given by provincial Vice Governor Kang Zhenhuang on the revised draft of provincial regulations on the implementation of compulsory education, a work report by Meng Dongbo, vice chairman of the provincial people's congress standing committee, and a work report by Ren Lingyun, president of the provincial higher people's court; adopted two decisions on accepting Qin Chuanhou's resignation as vice chairman of the provincial people's congress standing committee, (Huang Wenruo's) resignation as member of the provincial people's congress standing committee, and Liu Chunfu's resignation as provincial vice governor; and adopted election methods in the current session.

The meeting was presided over by Ji Chunguang, executive chairman of the session. Some 1,286 delegates attended the meeting.

Meng Dongbo, vice chairman of the provincial people's congress standing committee, gave a report on the work done by the standing committee since the third plenary session of the sixth provincial people's congress.

In his work report to the meeting, Ren Lingyun, president of the provincial higher people's court, said that all people's courts in the province have further straightened out their guiding thought, carried out judicial activities in an all-round way, actively served the party's general target and task, and have done quite a lot of work. They have hit hard at serious criminal activities, further promoted improvement of public order, stability of the society, severely punished serious economic criminals, and ensured smooth progress of the economic structural reform and the four modernizations.

In his work report to the meeting, Gao Zhenzhong, chief procurator of the provincial people's procuratorate, said that over the past year, the procuratorates in the province have given full play to the supervisory role of law, hit hard at serious economic crimes and criminal activities, and made much progress in all procuratory work, playing a good role in protecting the people, striking enemies, punishing criminal elements, and serving the four modernizations.

Also acting as executive chairman of today's meeting were Liu Xilin, Deng Zili, Wang Yanli, (Lin Yin), (Wang Runfu), (Chen Ji), (Chi Jisha), (Pan Zhijiu), (He Zhikuan), (Luo Kewen), (Yuan Shuji), (Yao Kehua), (Yao Jinying), and (Wu Xiaoguang). Provincial CPC committee Secretary Yang Ruadi, who has just returned to Chengdu from another province, attended today's meeting.

At the third meeting held by the fourth plenary session of the sixth provincial people's congress, provincial Vice Governor Kang Zhenhuang explained the revised draft of provincial regulations on implementation of compulsory education. He stressed that making compulsory education universal is a foundation and indication of modern civilization, as well as a strategic task concerning the upgrading of the quality of the Chinese nation and the prosperity and development of our country.

Vice Governor Kang Zhenhuang further explained the nature of compulsory education--the number of years and the school system for compulsory education, the age of those enjoying compulsory education, upgrading the quality of compulsory education, plans and arrangements for implementing compulsory education, and the management system, funds, and school conditions of compulsory education.

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PROVINCIAL AFFAIRS

TIANJIN CONGRESS STANDING COMMITTEE ISSUES WORK REPORT

SK151230 Tianjin TIANJIN RIBAO in Chinese 1 May 86 p 3

[Work report by Bai Hua, vice chairman of the Tianjin Municipal People's Congress Standing Committee, at the 5th session of the 10th municipal People's Congress on 26 April 1986]

[Excerpts] Fellow deputies:

Entrusted by the municipal people's congress standing committee, I would like to deliver a report for approval with regard to the work done by the standing committee in the period since the 3d session of the 10th municipal people's congress.

Over the past year, the standing committee has achieved new progress in the work of formulating local regulations and rules, carrying out legal and work supervision, and bringing into play the role of deputies throughout the municipality, in line with the general demand of building socialism reflecting Chinese characteristics, the general guideline of enforcing the open policy to the outside in order to enliven the domestic economy, and the practical need of building socialist material and spiritual civilizations throughout the municipality; and in line with the major tasks of developing socialist democracy, improving socialist legal systems, actively conducting exploration, pioneering the road of advance, and earnestly exercising its function and power imposed by the Constitution and the law.

I

Formulating local regulations and rules constitutes an important duty of the standing committee. Over the past year, the standing committee has persistently put the work of formulating local regulations and rules, particularly mapping out local economic regulations and rules, on the first place in its work schedule.

In order to meet the need of the new situation prevailing in conducting reforms in economic systems and enforcing the open policy to the outside throughout the municipality, in July 1985 the standing committee formulated and issued the "provisions" with regard to the management of the municipal

economic and technical development zone, the "regulations and rules" with regard to the enterprise registration management in the municipal economic and technical development zone, the "provisions" with regard to the labor management in the municipal economic and technical development zone, and the "provisions" with regard to the land management in the municipal economic and technical development zone. All of these are the first regulations and rules formulated by the standing committee, which are connected with the economic affairs of foreign countries, and are the first set of regulations and rules for the municipal economic and technical development zone.

The standing committee has paid attention to continuously improving working systems and legal procedure in practice. In order to upgrade the quality of meetings sponsored by the standing committee, in November 1985 the standing committee formulated the "provisions" with regard to the meeting systems of the municipal people's congress standing committee, in which there were stipulations on making preparation and committee meetings' procedures for examining motions, and on implementing resolutions and decisions. The formulation and enforcement of these stipulations contribute to improving the democratic system of the standing committee and ensuring that the staff of the standing committee to fully exercise their duty and power.

In line with the motions offered by the deputies at the 3d session of the 10th municipal people's congress, the standing committee coordinated with the departments concerned to continuously formulate the draft regulations and rules with regard to the protection of legal rights and interest of these enterprises. They also offered their opinions after carrying out investigation and studies with regard to revising the contents of the local regulations and rules on urban construction and environment protection.

In conducting the work of formulating local regulations and rules, the standing committee has implemented the principle of "adopting an active attitude toward work, meeting practical needs, adopting feasible ways, and making use of the mature conditions," and has paid attention to the following three tasks: 1. Proceeding from the urgent need of building legal systems throughout the municipality and on the premise of eliminating the conflict among the Constitution, the law, and the administrative regulations and rules, the standing committee has made efforts to pioneer new roads, to boldly engage in practice, and to actively formulate the local regulations and rules concerned. 2. The standing committee has made concerted efforts with the departments concerned in order to help each other forward. 3. The standing committee has held matured discussed on these regulations and rules before they have been formulated.

The standing committee has strengthened the work of soliciting opinions on formulating the state draft law. Since 1985, it has placed the work on the agenda of meetings participated by chairman and vice chairmen of the standing committee.

II

Conducting supervision over the work done by the municipal people's government, the municipal people's courts, and the municipal people's procuratorates constitutes an important function and power imposed by the law on the local organs of state power. Over the past year, the standing committee has conducted supervision over the implementation of the law and the regulations and rules and carried out work supervisions by hearing or examining the work reports, organizing members and deputies to conduct inspections and to carry out investigation to cope with specific problems.

The key to enhancing the building of socialist legal systems lies in abiding by the law as long as it exists. Therefore, the standing committee has carried out supervisions in a planned manner over the implementation of the state law and the local regulations and rules in order to cope with the specific problems, and has regarded as a work emphasis the supervision over the implementation of economic law, regulations, and rules.

In addition to the supervision over the implementation of economic law, regulations, and rules, the standing committee has also conducted inspections in line with the necessity over the implementation of other laws, regulations, and rules.

Carrying out supervision over the work done by the municipal people's government, the municipal people's court, and the municipal people's procuratorate is not only the important aspect of the local organs of state power in exercising their function and power, but also provides powerful support to the executive and judicial organs. The standing committee has strengthened the supervision over the work done by various circles in carrying out investigation, inquiry, and examination over the major problems cropping up in the program of building socialist material and spiritual civilizations, which are most concerned by the masses.

In the financial and economic aspects, the standing committee has paid close attention to the new situation and problems cropping up in the drive to conduct reforms throughout the municipality.

In the aspect of political science and law, the standing committee has strengthened the supervision over the work done by the judicial and public security organs in paying attention to the struggle against economic crimes and the trial work of civil cases.

In the aspect of urban construction, the standing committee has strengthened the supervision over the work done in the major projects made under the municipal overall plan of building Tianjin into a new beautiful, clean, and modern city with developed amenities.

In the aspects of education and public health, the standing committee has constantly regarded education, particularly general education, as its central work.

The standing committee has also paid great attention to the work of dealing with the petition letters and visits of deputies and the masses. As of the end of March this year, the standing committee received 1,422 visitors and dealt with 2,195 letters. It also paid attention to selecting some typical cases and charges from the visits and letters to immediately inform the departments concerned for disposition, in which the standing committee realized its supervision over the state apparatus and their working personnel.

In carrying out supervisions over various work mentioned above, the standing committee has also done a good job in grasping the following four tasks:

1. Efforts have been made to select problems for supervision in a planned manner and by focusing on the key problems. It has chiefly dealt with the major problems that are most concerned by the masses, have profound influence, and are possible to be solved.
2. Efforts have been made to fully acknowledge the correct experience gained by the executive and judicial organs, to offer its opinions for solving the exposed problems, and to resolutely correct the mistakes violating the law.
3. Efforts have been made to fully develop democracy and to respect the duty and power of deputies throughout the municipality. In the course of conducting supervisions, the standing committee has organized the deputies to study relevant laws, regulations, and rules; provided for them the reports on relevant situations and the necessary materials; and has solicited opinions from the deputies in order to relay them to the departments concerned for disposition.
4. Efforts have been made to regard the materials gained in investigation and studies as a foundation for carrying out the supervisory work. Prior to hearing work reports and making an inspection tour, the standing committee has delved into reality for carrying out investigation in order to obtain first hand materials, to learn about both good and bad typical cases, and to upgrade the efficiency of the supervisory work.

III

The important work of the standing committee is to establish a close tie with deputies throughout the municipality and to bring their role into full play. The standing committee has regarded the work as an important task for developing socialist democracy and improving the system of the people's congress and has enhanced the research and exploration of the work. Over the past year, it has emphatically carried out the following three tasks:

1. The standing committee has manufactured and issued the certificates of deputies for their working activities in supervisions and inspections. In order to make it convenient for deputies to perform their duty and power imposed by the Constitution and the law, to help the municipal people's government push its work forward, and to better relay the people's opinions and demands to the state apparatus, it manufactured and issued the certificates of deputies on 15 October 1985 after the longer deliberations and consultations.

2. The standing committee has held forums participated in by the deputies. Since 1983 it has held a larger-scale forum annually with the direct

participation of the municipality's mayor who can hear the opinions and hold discussions with the deputies on the grand plan for building the four modernizations.

3. The standing committee has earnestly dealt with the motions, proposals, criticism, and opinions offered by the deputies.

Over the past year, the standing committee has continuously enhanced its ties with the district and county people's congress standing committees. Each meeting of the standing committee has invited as observers the responsible persons of the district and county people's congress standing committees and has paid attention to listening to their opinions and demands. Some responsible persons in the standing committee have gone to some district and county people's congress standing committees to exchange work experiences and to solicit their experience gained in work. In February this year the standing committee invited the comrades of the district and county people's congress standing committees to exchange the experience gained by the financial and economic commissions (offices) under these standing committees. All of the activities have played a favorable role in exploring the law of the work done by the local organs of state power and in upgrading their work quality.

Since the 3d session of the 10th municipal people's congress, the standing committee has earnestly exercised its duty and power in approving the personnel changes of the state apparatus. In line with the law, it has approved the appointments and dismissals of 116 personnel. Of these staffers, 4 are of the municipal people's congress standing committee; 42, of the municipal people's government; 51, of the municipal people's courts; and 19, of the municipal people's procuratorates.

The standing committee has carried out friendly activities with the assemblies and parliaments of foreign cities. In November 1985 it received the goodwill visiting group of the Osaka City Representative Assembly, Japan, which was headed by Tanaka Kisaburo, speaker of the city assembly.

Over the past year, the standing committee has done a great deal of work and scored certain achievements. Meanwhile, there have been a large number of shortcomings which chiefly are to have been short of long-term plans in formulating local regulations and rules, to have not fully exercised its function and power in conducting supervisions, to have not established extensive and profound ties with deputies, and to have not thoroughly improved its systems. All of these urge us to earnestly conduct reforms in the future work.

Fellow deputies: The Constitution and the Organic Law for Local Congresses and Governments have imposed quite heavy duty and power on local people's congresses and their standing committees. The demand and hope harbored by the people on the people's congresses have become higher and higher. Under the new circumstance, let us deeply implement the spirit of the Fourth

Session of the Sixth NPC, further develop the spirit of the Foolish Old Man removing the mountain by following the principle of grasping transformation and construction on the one hand and improving socialist legal systems on the other hand, made efforts to pioneer the road of advance, and strive to fulfill successfully the task in the first year of the implementation period of the "Seventh 5-Year Plan."

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PROVINCIAL AFFAIRS

XINJIANG SCHEDULES PEOPLE'S CONGRESS SESSION

HK090249 Urumqi Xinjiang Regional Service in Mandarin 1200 GMT 7 May 86

[Excerpts] The 19th meeting of the 6th regional people's congress standing committee ended on the afternoon of 7 May. The meeting decided to open the fifth session of the sixth regional people's congress on 26 May in Urumqi.

During the meeting, the members listened to and examined a report by the regional people's government on auditing work, a report on the implementation of the forest law and food hygiene law, and regulations on food hygiene control in urban fair markets in the region.

Amudong Niyazi, chairman of the regional people's congress standing committee, presided over this afternoon's meeting.

The participants adopted a resolution of the regional people's congress standing committee on convening the fifth session of the sixth regional people's congress and a resolution of the regional people's congress standing committee on strengthening auditing work, and approved some appointments and removals.

Yang Yiqing, Codanov, Ren Gebai, Abulizi Muhemaiti, Mayenur, Yu Zhanlin, Mahsud Deipov, Husaiyin Siyabayefu, and Xiaer Xibieke Sidike, vice chairmen of the regional people's congress standing committee, attended this afternoon's meeting. Also attending the meeting as observers were (Mao Dehua), vice chairman of the regional government; and responsible persons from the regional higher people's court, the regional people's procuratorate, the regional people's congress standing committee, the relevant departments of the regional people's government, and people's congress standing committees of all autonomous prefectures and some counties and cities.

(Liu Denghao) was appointed chairman of the regional planning commission; Huang Baozhang was removed from his concurrent post of the chairman of the regional planning commission; and (Huo Qin) was removed from the post of the director of the regional auditing bureau.

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PROVINCIAL AFFAIRS

YUNNAN HOLDS CPPCC SESSION, WORK FORUM

HK051448 Kunming Yunnan Provincial Service in Mandarin 1000 GMT 4 May 86

[Excerpt] After completing all items on the agenda, the fourth session of the Fifth Yunnan Provincial CPPCC Committee and the provincial forum on CPPCC work concluded in the Kunming People's Shengli Hall. Yesterday's meeting was presided over by Liang Jia, chairman of the CPPCC, and Yang Yitang, vice chairman. Seated on the rostrum were vice chairmen, including Yang Kechang, Qu Zhongxiang, Huang Ping, Xiang Chaozong, Zhang Xiangshi, Ma Huiting, Bao Hongzong, Jin Qiongying, Yang Chunzhou, Dao Shixun, and Yan Weijun; and Comrades Wang Jieshan and Wang Qiming. Leaders of the provincial party and government, including Pu Chaozhu, He Zhiqiang, Li Shuji, Liu Shusheng, (Zhao Chuming); (Guo Pei), Yin Jun, Li Xingwang, Li Guiying, Yan Yiquan, Yang Ming, and Yu Huoli; and responsible persons of a certain group army of the China PLA, Yunnan Military District, and Yunnan Provincial Armed Police Force Corps, including (Meng Yuqi), (Shi Youming), (Wang Zhujun), (Huang Tingzhong), and (Duan Zili), attended the meeting to extend greetings and took their seats on the rostrum.

The session adopted the political resolution of the fourth session of the Fifth Yunnan Provincial CPPCC Committee, the resolution on the work report of the CPPCC committee standing committee, and the report of the motions commissions on the situation in the examination of the motions at the fourth session of the fifth CPPCC committee. The session additionally elected (Cun Ruchang) and (Liu Chongzhi) as provincial CPPCC committee standing committee members and adopted a comfort telegram from all committee members attending the fourth session of the Fifth Yunnan Provincial CPPCC Committee to the commanders and fighters of the Yunnan border defense PLA units at the front-line.

Pu Chaozhu, secretary of the Yunnan Provincial CPC Committee, spoke at the meeting.

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PROVINCIAL AFFAIRS

ZHEJIANG PEOPLE'S CONGRESS SESSION OPENS

OW060529 Hangzhou Zhejiang Provincial Service in Mandarin 0300 GMT 5 May 86

[Text] The Fourth Session of the Sixth Zhejiang Provincial People's Congress opened ceremoniously this morning at the Great Hall of the People in Hangzhou.

At 0830, Li Fengping, executive chairman of the session, declared the session open. Sitting on the rostrum were executive chairmen including Chen Anyu, Shang Jingcai, Li Yuhua, Wu Zhichuan, and Wang Qidong. Leading comrades, including Wang Fang, Xue Ju, Chen Fawen, Wu Minda, Shen Zulun, Li Dexin, Liu Xinzeng, Tie Ying, Wang Jiayang, and Li Qing attended the opening ceremony and were seated on the rostrum.

Amid warm applause, Governor Xue Ju delivered a report on the Seventh 5-Year Plan for Zhejiang Province. His report is divided into four parts: 1) The implementation of the Sixth 5-Year Plan; 2) the basic tasks and the major work in economic construction in the period of the Seventh 5-Year Plan; 3) Continue the thoroughgoing and systematic reform of the economic structure; and 4) Further strengthen socialist spiritual civilization.

Warm applause broke out in the hall when Governor Xue Ju finished reading his report.

A total of 821 deputies attended today's session. Members of the fourth session of the fifth provincial CPPCC committee were present as nonvoting delegates. Also present as nonvoting delegates were the province's deputies to the NPC, and officials of the provincial departments and the people's congresses and governments of cities, prefectures, counties, and districts under the jurisdiction of cities.

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PROVINCIAL AFFAIRS

BRIEFS

HENAN PEOPLE'S CONGRESS--The fourth session of the sixth Henan provincial people's congress concluded in Zhengzhou on 9 May. Present at the closing ceremony were leading comrades of the party, government, and army in the province Yang Xizong, Liu Zhengwei, He Zhukang, Song Yuxi, Lin Yinghai, Zhan Jingwu, Zhang Zhigang, Qin Kecal, Song Zhaoshu, and Zhang Chixia; Li Ming, president of the provincial higher people's court; and Zhao Wenlong, president of the provincial people's procuratorate. Zhang Shude, chairman of the provincial people's congress standing committee, presided. In a speech, Zhang Shude pointed out: This session has given full play to democracy and achieved its predicted tasks. This has been a lively and encouraging meeting. He expressed the hope that the deputies would seriously study and actively publicize the province's Seventh 5-Year Plan and achieve all the tasks and goals set in the plan. This is the common historic task of the people of the whole province. [Excerpts] [Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 9 May 86 HK] /6662

ZHEJIANG PEOPLE'S CONGRESS MEETING--The presidium of the Fourth Session of the Sixth Zhejiang Provincial People's Congress held its second meeting this morning to hear briefings by various delegations on their deliberations on Governor Xue Ju's report on Zhejiang Province's Seventh 5-Year Plan. Governor Xue Ju, Vice Governors Wu Minda and Li Debao, and responsible persons of departments concerned attended the meeting. [Excerpts] [Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 7 May 86 OW] /6662

YUNNAN PEOPLE'S CONGRESS--The fourth session of the Sixth Yunnan Provincial People's Congress concluded in Kunming today after completing all its agenda. The session called on the people of all nationalities to unswervingly implement the party and state principles and policies, display the spirit of the foolish old man who removed the mountains, unite as one, persevere in reform, be keen on reform, clear the way to forge ahead, and fulfill and overfulfill the year's tasks. Present at the closing ceremony were the executive chairmen of the session together with Pu Chaozhu, He Zhiqiang, Zhu Zhihui, Li Shuji, Liu Shusheng, Li Xingwang, Yin Jun, and Liang Jia; and Li Qiming, Liu Minghui, Zhang Zhixiu, Xie Zhenhua, Gao Zhiguo, Zhang Zizai, and Chen Jiagui. [Excerpts] [Kunming Yunnan Provincial Service in Mandarin 1000 GMT 5 May 86 HK] /6662

CSO: 4006/1035

ECONOMIC MANAGEMENT

JOURNAL URGES CORRECT ATTITUDE ON FINANCIAL MANAGEMENT

HK241210 Beijing JINGJI GUANLI in Chinese No 2, 5 Feb 86 pp 13-16

[Article by Han Manshou [7281 3341 1108]: "Do Away With Traditional Concepts, Take a Correct Attitude Toward Financial Management"]

[Text] It is an inevitable demand owing to historical developments that we should continue to satisfactorily carry out the reform of our financial system; gradually put an end to old traditional habits and practices; learn new ways of financial management including those related to making funds grow, accumulating funds, and spending funds; turn the supply-type finance that is characterized by collecting all income and funding all expenditures into the constructive administration-management-type finance; and serve the vigorously developing new situation and the entire economic structural reform. In order to do so, it is very important to do away with traditional concepts and foster new financial management thoughts.

I. Doing Away With Old Concepts Is a Necessary Precondition for Achieving a Change in Our Financial Work

Concepts are the reflection of objective reality in people's minds and they influence and dominate people's acts. We have long had some fixed concepts about a series of questions including those on what socialism is and how we are to carry out socialism. These concepts fetter people's minds and hinder the development of our productive forces. In our financial work, these concepts are shown in the following: 1) We often only consider the finance aspect alone, namely, the tasks of collecting revenue and allocating expenditure in doing our financial work, and we seldom strive to understand the whole situation, manage our sector in light of the whole situation, discuss major issues, or consider financial matters in light of our economic development. 2) We often haggle on the amount of funds to be allocated for a certain matter and focus on solving the problem of funding our administrative expenditure, but we seldom pay attention to researching our financial policies and theories in order to promote our production, enliven our economy and find sources of revenue. 3) We often focus on our immediate interests and make rigid calculations about the short-term factors that affect our financial revenue and expenditure, but we seldom proceed from our long-term interests to make flexible calculations with broad vision. 4) For 30 years, we have followed the old patterns and practices without any deviation and lacked the courage to carry out reform and explore new paths. Of course, we can list some more,

but the above are the major ones. What they have in common is a "fear"; that is, we fear the emergence of troubles, failure to fulfill our tasks, and punishment should we deviate from the "key links" and "line." In short, these fears hinder the progress of our reform and are detrimental to the transformation of our financial work.

There is an ancient saying that "in doing anything, we should have new ways and refrain from repeating poor old practices." What are the new ways? As far as the present needs are concerned, in order to transform our financial work, we should have new ways to change from a "supply-type" into a "construction-type," from a "control-type" into a "management-type," from a "closed type" into an "open type," and from a "stability-oriented type" into a "development-type." Toward this end, we should continue to eliminate the influence of "leftism," better emancipate our minds, do away with the outdated conventions, and establish new ideas on our financial management. This is the demand of the development of our situation and of our four modernizations. A review of our history and summation of our experience show that we should start with the following in establishing our new ideas on financial management:

1. Our new ideas on financial management should deal with both budgetary and extrabudgetary funds. In other words, we should establish a comprehensive financial system. Since the 3d Plenary Session of the 11th CPC Central Committee, as our national economy has developed and as we have been carrying out an economic structural reform, extrabudgetary funds have drastically increased. For example, in Shanxi, the ratio of extrabudgetary funds to the state budget revenue was 0.995 to 1 for 1982 and 1.053 to 1 for 1983. In 1984, extrabudgetary funds reached 3 billion yuan, 12.4 percent bigger than the budget revenue. The 3d Plenary Session of the 11th CPC Central Committee has opened the way for our people to become rich. In 1984, the per capita income of the peasants in Shanxi Province exceeded 350 yuan and the per capita cash in hand was 50-100 yuan. This is a considerable amount of social funds that urgently require guidance and management. Therefore, our financial work, which now only deals with budgetary funds that account for one-third of our national income, has already fallen far behind of the demand of the development of the situation. Only by establishing a comprehensive financial plan through financial means can we amass all the funds that can be raised and employ them in various aspects of our four modernizations. Only by so doing can we have both sources and outlets for funds and have better economic results with our limited funds. One issue that we should attach importance to is to do away with the old custom that the financial department can only make investment without compensation. With the aid of our legal, administrative, and economic means, we should correctly apply the powerful economic lever of finance to control and regulate the overly high growth rate of our national economy, manage to strike a financial, credit, material, and foreign payments balance, and try every means to support the projects that need small investment but achieve quick results.

2. In carrying out the reform of our financial system, we must start with our economy and the whole situation, and grasp both urban finances and county (district) finances. In Shanxi, there are 114 county-level (district-level) financial departments. At present, 62 counties (districts) survive on subsidies, with 31 of them subsidized by the central authorities. How are we to give play

to the initiative of county-level financial departments? How are we to give play to the role of economic radiation by our key cities? How are we to speed up the economic development of our counties (districts)? How are we to enable our county-level finances to be self-supporting without relying on subsidies? These questions are worth studying in order to bring about a radical turn for the better in our financial situation.

3. In carrying out our financial reform, we must put an end to the practice of the financial department collecting all the revenue and funding all the expenditures and satisfactorily grasp financial management. This is the key to the transformation of our financial work. Since we streamlined our administration and decentralized power, our financial departments have abolished the practice of "the state taking on everything," adopted the methods of "maintaining ownership by the whole people, operating by collectives, paying taxes according to regulations, and shouldering sole responsibility for profits and losses" for our small enterprises owned by the whole people. In their financial management system, they have implemented the principle of "classifying taxes, assessing income and expenditure, and assigning all-round responsibility by contracts level by level," granted our enterprises power over their production and operations; and linked wages with amounts of tax payments and profit delivery, thus stressing the task of management.

4. Our new financial work should treat equally the sector owned by the whole people and the collective and individual sectors without discrimination. Under the situation of a planned commodity economy, both collective and individual economic sectors are indispensable and we must do away with the previous traditional concept of administering only the enterprises owned by the whole people. We should give the green light to any production or operation activity that is conducive to increasing our revenue and has relatively high economic results and social benefit, and treat all such activities equally.

5. We should do away with the old regulations and practices related to the policy of closing our country to international intercourse. In light of our policy of opening up to the outside world and enlivening the domestic economy, we should "fight out" and "draw in." By fighting out, we mean that we should vigorously support and develop the production of the products that can earn foreign exchange, occupy the international market, and heighten our foreign exchange earning capacity. By drawing in, we mean that we should use the advantages of natural resources, personnel, and geographic location of all countries, emancipate our minds, and adopt vigorous measures to draw in foreign capital and import advanced technology and management knowhow. Toward this end, we should reform our financial work in accordance with the principle of totality and comprehensiveness, really turn the supply-type system into the administration-management type, and thus promote the reform in our entire economic system.

II. An Administration-Management-Type Financial System Is the Objective Demand of Our Planned Commodity Economy

The resolution on economic structural reform approved by the 3d Plenary Session of the 12th CPC Central Committee marks a new level of our party's understanding

of our country's national conditions and the law governing socialist economic construction, and indicates that our country's economic life has begun to shift to the orbit of a planned commodity economy. This new situation has given rise to a series of new changes in our financial work which have a dominant position in our distribution sphere. Our financial work is faced with new issues such as the questions of how we are to correctly handle the relationship between budgetary and extrabudgetary funds and between accumulation and consumption and how we are to make an all-round application of our economic levers and regulatory means, intensify macroeconomic control while enlivening our microeconomy, and establish our social insurance system. In order to satisfactorily deal with these new issues, we must clarify the following ideas:

1. Our country's commodity economy is different from both a simple commodity economy and a capitalist commodity economy, and is a planned commodity economy. As cells of this national economy, our enterprises should operate independently, shoulder sole responsibility for their profits and losses and have certain decisionmaking powers. However, from the point of view of the planned commodity economy, the state must exercise necessary macroeconomic control and regulation. In this area, finance is an economic lever directly controlled by the state and all aspects of our economic life will finally be reflected in our finance work. Therefore, in order to do their financial work well, our financial departments should foster a sense of the market. This is not merely a problem related to understanding nor a problem that can be solved by merely making these departments realize the importance of the market. We must realize that our economic life is becoming increasingly complicated and that only by mastering and applying scientific research methods and modern calculation tools can our financial departments get accurate data. They should also closely monitor the trend of the market at home and abroad and inside and outside the province or region and acquire new information. On the one hand, they should provide correct information and guiding opinions for our enterprises, and on the other hand, they should protect the consumers' interests through participating in the state's market regulation and applying economic means, give full play to the role of the law of value, and thus manage to be skillful in achieving financial growth and accumulating funds and moderate in spending.

2. The goal of our economic structural reform is to develop our social productive forces. The transformation of our financial work must closely be centered around this goal. Toward this end, our financial departments must first correctly understand the dialectic relationships between production and distribution and between economy and finance, foster the idea that "economy determines finance," and make all our financial cadres understand that "we should increase our revenue by developing our national economy." This is the fundamental principle for us in establishing an administration-management-type finance. Second, we should increase our investment in the technological transformation of our industrial enterprises and in the development of commodity production, gradually turn our supply-type expenditure composition into a construction-type expenditure composition, follow the path of carrying out expanded reproduction mainly by intention, and augment the vitality and reserve strength of our enterprises. In this area, we should not neglect overcoming the malpractice of the collective and individual sectors, or the malpractice of focusing on industry and agriculture while neglecting our tertiary

industry. Our financial departments should create equal external conditions for all enterprises to compete with one another and treat them equally without any discrimination. Third, we should pay close attention to controlling the input of products. This is where an administration-management-type finance differs diametrically from a supply-type economy. Our financial departments should know how to use their limited funds early or later, in large or small amounts, quickly or slowly, and urgently or at ease. They should make the best use of their funds and invest the funds in the key projects that have advantages and can yield new sources of finance. In order to obtain the above knowhow, in addition to correcting their vocational guiding thought, they should radically change their thoughts, style, and work. In other words, they should get out of their offices, go deeply into reality and among the lower levels, do a good job in investigations and studies, and pay attention to increasing the yield of funds and the ways to accumulate and use funds. Of all these, the most important is increasing the yield of funds. Fourth, we should do a good job of drawing in foreign capital and satisfactorily importing advanced technology and management knowhow. An administration-management-type finance should satisfactorily make both long-term and short-term plans in light of the limitations of our current financial capacity, the capacity of our enterprises to assimilate technology, and the masses' capacity to shoulder the burden.

3. Since the separation between the functions of government and those of enterprises, some government departments "have returned power to enterprises," others "have given some power to enterprises," and still others have "shared some of their power with enterprises." In the future, the major duties for our functional departments of economic administration are to discuss major issues, monitor the whole situation, satisfactorily impose macroeconomic control, and make our national economy develop along a path of healthy and harmonized development. Under these circumstances, our financial departments which have dual functions should formulate comprehensive financial plans, correctly guide the direction of the flow and the movement of our funds, and coordinate the spending of funds to ensure full provision of funds for each project. We should ensure that this task has been put on the agenda of the financial departments at all levels.

III. Strengthening a Sense of the Legal System Is a Guarantee for the Actual Establishment of an Administration-Management-Type Financial System

Lenin said: "If it is the will of the state, it should be written into the law formulated by the organs of the state power; otherwise, the word 'will' will become meaningless." As we are transforming our supply-type finance into an administration-management-type finance, strengthening our sense of the legal system and eliminating the practice of acting according to officials' will in disregard of the law are of particularly great practical importance for the realization of this great transformation.

1. From the point of view that finance is the financial pillar for the state in performing its functions, since the emergence of states, all states--slave, feudal, capitalist, or even socialist ones--have had to rely on the support of their financial system before they can fully perform their political and

economic functions. In the future, under a socialist commodity economy, although we should relatively soften our mandatory plans and continue to expand the scope of our guidance plans, this does not mean that we are to abolish all plans or all our mandatory plans. Therefore, there is a trend for the state to increasingly intensify its functions in intervening social economic life. Judging by the problems that cropped up in our country's economic life in the fourth quarter of 1984, the transition from the old to the new system and the interference of new unhealthy practices were two of the reasons for the emergence of the problems, but the imperfect legal system was also an important cause. For example, our enterprises owned by the whole people shoulder only contracted responsibility for their profits but not for their losses. If we fail to formulate an enterprise bankruptcy law, it will be difficult to radically do away with the practice of "eating out of the same big pot" or to really make our enterprises shoulder sole responsibility for their profits and losses. For another example, there are many causes for the excessive distribution of the national income. Among these causes, there may be excessive distribution conducted by our financial departments and banks through incurring financial deficits and expanding credit. If we fail to formulate a Central Bank law and a state budget law, even the reports of budget and final accounts approved by NPC sessions will often fail to be implemented.

2. A comprehensive review of world history reveals that the success of most reforms relies on the guarantees of the law. Since the founding of the PRC, in particular since the 3d Plenary Session of the 11th CPC Central Committee, the relevant departments have done lots of work related to our financial and economic legislation and promulgated many important financial and economic laws and regulations. This has played an important role in imposing our financial law and discipline and ensuring the smooth progress of the financial distribution activities. But we should also see that as our commodity economy quickly and drastically develops and as we carry out major reforms in the state's economic life, our country's work of economic and financial legislation may still fail to satisfy the demands of the development of the situation and should be further improved. The major problems now are: 1) The existing law is not followed or implemented. In some areas, departments, and units, the phenomena of "substituting somebody's words for law," "substituting power for law," "substituting administration for law," and "substituting personal position, prestige, or relationships for law" often emerge. 2) There is no law to follow. In many aspects of our country's economic and financial life, most of the rules and regulations continue to be in the form of government or departmental notices, instructions, provisional (draft) regulations, opinions, methods, and so on, which play some restrictive role but lack the binding force of law because of reshuffles of officials or other reasons. In our economic life, we often see the practice of telling offenders "not to repeat the offenses" or "handling cases according to the degree of seriousness of the offenses." This often enables offenders to get off with light punishment for serious offenses or even no punishment for minor offenses.

In order to realize a transformation in our financial work, first, the relevant legislative departments should accelerate the pace of establishing our financial laws and regulations, and gradually establish an integrated system of financial and economic laws and regulations with Chinese characteristics, thus

enabling people to have laws to follow and put our financial and economic work under the restrictions and control of law. Second, we should clarify the scope of power for our various functional departments and solve the problems in an all-round manner. Financial laws and regulations are a comprehensive concept and are related to all aspects of our national economy. This requires us to strictly distinguish between the functions of various departments, including our financial, auditing, and taxation departments, banks, economic commission, planning commission, and other relevant departments; to strengthen the relations between them; to straighten out our national economy in an all-round manner; to punish violations of discipline severely by means of criticism, education, and economic, legal, and administrative punishment; and to conduct administration and supervision, and so on. Third, we should persist in implementing the principle that "all people are equal before the law," and truly carry out the maxim "a prince is punished like an ordinary person when he commits a crime" in order to ensure the dignity of law. In this sphere, an important issue is to give our departments of administration of law real power of office and refrain from giving them only the power of "putting forward proposals" but not the power to "make decisions" in order to avoid the malpractice of the law being promulgated by many departments, punishing people without authorization, and substituting party for government or government for law. We should firmly establish a sense of administrative discipline and law among all our people and thus enable our state to take a heartening step forward toward the establishment of a perfect legal system, to really embody its will in its law, and to provide a guarantee for the actual realization of an administration-management-style financial system.

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CSO: 4006/999

ECONOMIC MANAGEMENT

SUMMARY OF CHINA'S SECOND NATIONAL INDUSTRIAL SURVEY

Hong Kong CHING-CHI TAO-PAO [ECONOMIC REPORTER] in Chinese No 1-2, 1 Jan 86 pp 63-65

[Article by Xu Gang [6079 0474], Deputy Chief of National Industrial Survey Group and concurrently Director of National Industrial Survey Office of the State Council: "Summary of China's Second National Industrial Survey"]

[Text] In November 1983, the State Council of PRC decided to start its second national industrial survey in 1986. The scope of this industrial survey will be unsurpassed since the founding of the People's Republic (the first survey being held in 1950 shortly after the founding of New China). It will be an important survey on the national resources as well as a very important basic task in building socialism with Chinese characteristics. This survey will cover 400,000-500,000 industrial enterprises with independent accounting, rural enterprises, and industrial undertakings by private individuals. Such a large-scale survey is not only unprecedented in China, but also rarely seen in the world. Since this survey will have to meet many requirements and cover many fields, it will be more complex and difficult than the surveys of many developed countries which have been conducted many times at 10 year intervals.

Purpose and Task of Industrial Survey

The purpose and task of this industrial survey is to ascertain the available industrial resources and to provide fairly comprehensive and detailed basic data for the formulation of long-range plans, including the plans for the transformation of various trades; for readjusting and streamlining the various relationships, including the proportionate relationship; for reforming the structure, and expanding international economic contacts and cooperation in line with the policy of opening the country to the outside world and invigorating the economy at home; for consolidating and improving the macroeconomic management and the operation and management of enterprises; and for bringing about better economic results for the society and the enterprises and promoting the development of national industry and the entire society and economy. In short, its purpose is to attain the strategic objective of making the country fairly well-off by the turn of the century and accelerating the four modernizations, particularly the industrial modernization.

The long-range plans and the policy of readjustment, restructuring, consolidation and improvement have but one common purpose, namely the development of productive forces. There are three methods to accomplish this purpose: first, the building or expansion of a number of enterprises; second, technical transformation and equipment renovation for the existing enterprises; and third, improvement of the enterprises' quality and their management, and fully tapping their internal resources. The first is an extensive method, and the other two are intensive ones. All these three are important, and none of them can be lacking, although under different conditions, they may be in a different priority order. Funds are required for any of these three methods. In comparison, however, more funds are required in the building and expansion of enterprises, and the investment returns are slower. The transformation of old enterprises costs less and shows quicker results, while the improvement of business management costs the least and shows the quickest results. Based on the existing realities, therefore, how should we handle the relationships between these three methods and arrange their priority order? This is an important question which deserves careful study.

First, for a very long time in the past, investment was concentrated on the building and expansion of enterprises, resulting in the appearance of many enterprises which gave very good performances. The number of industrial enterprises and unit has been increased from some 100,000 shortly after the founding of the People's Republic to more than 400,000, while the value of their fixed assets has increased several dozen times over, and is expected to reach about 600 billion yuan by the end of 1985. The total industrial output value and the output of the major industrial products, such as steel, coal, electricity, cement, motor vehicles and so forth, have mostly increased scores or even hundreds of times. It is true that we have sometimes acted rashly in building and expanding enterprises and have wasted huge sums of money. However, in order to fill some gaps, to develop some new trades, and to strengthen certain weak links, the building and expansion of some enterprises are still necessary, although this would be difficult in view of the limited funds at the state's disposal.

Second, the present industrial setup in the country is quite large with a fairly complete range of trades. There is also a fairly complete industrial structure with a solid foundation. However, the technical equipment of these enterprises are mostly outdated and of the 1950 or 1960 vintage. These enterprises must be technically transformed and raised to the level of the 1970's or the early 1980's before their economic results and productive capacity can be appreciably improved. If we only invest in the building and expansion of enterprises and leave the existing enterprises without technical transformation, then these enterprises without technical transformation, then these 400,000-500,000 enterprises will become more and more technically backward, and it will be difficult for them to increase their output and to improve their economic results.

Third, the quality of the existing enterprises is poor and the standard of management for most of them is very low. We must improve their management,

raise the morale and technical competence of their workers, strictly enforce some responsibility system, strengthen the basic work of economic accounting, and attach great importance to information so as to avoid any rash action in production. By this means, we will be able to achieve better coordination in all phases of work among the different posts of production, increase the efficiency of operation, make full use of the equipment of production, constantly update our products, continue to improve their quality, greatly reduce the consumption of energy and raw materials, raise the labor productivity, lower the production costs, and gradually set up rational prices to increase our power of competition. This method is much more effective than the other two in money-saving, and we can increase the productive capacity of the enterprises by tapping their internal resources. This is the best method of obtaining more output with less input. If we make no effort to raise the standard of management, then it would be difficult for the industry to develop in a rapid and healthy way, even though we build more enterprises with advanced technical equipment. Backward management can never function in harmony with advanced technology, and this lack of harmony will certainly bring serious losses. There is a very close relationship between technology and management, and advanced technology calls for advanced and scientific management. If the "hardware" does not match with the "software," then the advanced technology can only become a burden and the cause of very serious waste.

The policy of technical transformation for the existing enterprises was stressed in the Sixth Five-Year Plan, and the investment in technical transformation was heavier than ever before. Great success was achieved in this respect during these 5 years. The "Proposal for the Seventh Five-Year Plan" also stressed the technical transformation of the existing enterprises, but went even further in dealing with the problem of raising the management standard. The cardinal principles concerning the relationships among the "three things" [mentioned in the "Proposal"] has been basically determined. To ensure the implementation of these principles, we must work out a series of concrete policies, measures, plans and steps of implementation concerning the way to distribute the limited funds and to use these funds rationally and to the best advantage; and the way to do our work well in these "three things" in order that each of them can play a full role. They include the orientation of investment in new construction projects, the proportion of investment distribution among different trades and products and their priority order, the actual sizes of projects and the selection of their sites, the allocation of funds for technical transformation, the plan of technical transformation for each trade, each enterprise and each set of equipment and the order of transformation, the allocation of funds for developing new products, improving quality, reducing consumption, raising labor productivity, expanding the productive capacity, and technical transformation in other areas. Of particular importance is the way to ensure that funds for technical transformation are not diverted to the building and expansion of enterprises and the way to strengthen the management, including the training of workers (and first of all the leading personnel), the standardization of measurements, the rational readjustment and full utilization of equipment, the responsibility system, the quota management, and so forth. The solution of all these problems must be realistic. These

problems have been fairly fully covered in this industrial survey which will be able to supply data in fairly great details.

Contents of the Industrial Survey

The contents of the industrial survey are dictated by its purpose and task. According to the State Council's directive, this industrial survey should be mainly concerned with the technical conditions of the industrial equipment, the economic results, the various internal structures of industry and the workers conditions besides showing the basic industrial conditions and a complete picture of the industrial economy. The contents of the survey are accordingly as follows: in production, the total output value, net output value, the quantity and quality of products and labor productivity; in marketing, the total sales proceeds, the sales volume for each variety of product, the prices and the monetary figures; in supplies, the supply and consumption of various types of energy and raw materials; in labor and personnel, the number and sex of workers, their nationality, age, educational background, and technical standards; in wages, the total payroll, the average wages and the composition of the total payroll, in financial costs, the fixed assets (and their original and net value), the circulating funds (including current funds for finished products, reserve funds and so forth), profits, taxes, the distribution and use of profits retained by the enterprises, production cost, marketing cost, and the composition of cost (which can be classified into two major categories of living labor and materialized labor; in equipment, the amount owned, the amount installed, the service life, the technical grades (in four grades), the productive capacity and the utilization rate; and so forth, totaling more than 300 indices. The tables of contents in the survey forms are of many kinds, and the contents are given in fairly great details. For example, there are more than 500 processing trades (mainly shown in the comprehensive tables of output value, labor wages, financial and costs and so forth); more than 5,000 types of products and equipment (mainly shown in the production, marketing and equipment survey tables); and more than 1,000 types of products for which the costs and prices should be filled in and reported. The tables of contents for those products whose quality standards must be reported, and for the output and consumption of energy and raw materials, which must also be reported, are all in fairly great details. In addition, there are still hundreds of technical and economic indices included. On the whole, the contents of this industrial survey are very comprehensive, dealing with all the economic activities of the enterprises. Such details have never been seen in the monthly, quarterly or annual statistics.

The processing of these survey data is not merely a simple summarization of the basic figures reported by the enterprises. It must be based on the requirements of research in the solution of problems and the making of policy decisions. Some special topics may also be selected for intricate and cross processing by different groups. In other words, the purpose of these numerical data processing is not to present a voluminous report. More important still, these reports must be deep-going enough to reveal the essence of problems. This survey calls for comprehensive reports from not only the 29 provinces, autonomous regions and municipalities directly under

the central government (excepting Taiwan, Hong Kong and Macao), but also from more than 200 cities and some 2,000 counties. By this means, we will be able to obtain more detailed materials from each area. Furthermore, we can compile the most accurate and detailed directory, including brief introductions, of the enterprises in all trades ever published since the founding of the People's Republic.

Steps in the Work of Industrial Survey

According to the State Council's directive, all preparations should be completed before the end of 1985, and the survey and registrations will formally begin in the first quarter of 1986. This will be followed by the processing, study, analysis, compilation and publication of the data.

The preparations which have been going on for more than 2 years are mainly as follows:

1. The establishment of leading organs and offices at all levels for the industrial survey. In November 1983, the State Council decided to form a leading group for the national industrial survey in the State Council. State Council Councilor Zhang Jingfu [1728 0513 1133] was appointed chief of the group, and one person each was appointed by the State Economic Commission, the State Planning Commission, the Ministry of Finance, the All-China Federation of Trade Unions to serve as deputy chiefs. The leading group has an office in which to carry on its daily routine work--the Industrial Survey Office. The governments at all levels, the departments in charge of various trades, and all the enterprises have also formed their survey leading groups and their offices, and the groups are headed by the vice ministers, vice governors, vice mayors, vice county magistrates, or vice managers (or vice factory directors). It is so arranged, simply because the task is too arduous for the statistical bureau alone. Thus the existence of strong leading bodies and offices at every level made it possible to guarantee the completion of the task organizationally.
2. The formulation of programs of implementation and work plans for the survey. The final draft of this program was based on investigations and study, the opinions in various quarters, experiments in enterprises, and the observations of people dispatched to the United Nations and the friendly countries where they studied the foreign programs of industrial surveys and learned from such experiences as are useful for China. That is why these plans are practical and suitable for the actual conditions in China.
3. Conducting snow-balling experiments. First, in the second half of 1984, all ministries, provinces, autonomous regions and municipalities directly under the central government held a unified nationwide experiment in Changzhou City, Suzhou. Then in the first half of 1985, all provinces, regions and municipalities chose one or two cities or counties (or municipal districts) where industry is fairly concentrated under their own jurisdiction, while the ministries chose one trade or some enterprises, for their experiments. Finally, in the third quarter of 1985, all cities and counties chose one or two enterprises for the same purpose. These snow-balling experiments enabled

the leadership at various levels to obtain the necessary experience for conducting the survey well, and the experiences of certain units were quickly popularized in areas with hundreds of cities, thousands of counties, and hundreds of thousands of enterprises. This was like fighting a battle, and the commanders cannot learn how to direct the operations without a series of military exercises.

4. Large-scale training of survey personnel. In order that all survey personnel will consciously and actively perform their duty, training classes must be held for them. They must understand the reason for the industrial survey to be conducted, the purpose and significance of the survey, the contents of the survey, and the way for this task to be accomplished. In other words, they must understand the items to be surveyed, their significance and uses, and the way to evaluate them. The training must be strict and intensive, and the trainees must pass a test, or be trained again in case they failed to pass it. To meet this requirement, we must adopt the method of cooperation and division of work among the localities and departments in charge by conducting training at every level. First, in April 1985, training was conducted for the backbone elements of all ministries and provinces. These backbone elements then trained the survey personnel of cities and counties, and these survey personnel in turn trained their counterparts in the enterprises. After half year's efforts, according to incomplete statistics, 1.6 million persons were trained in the country. This was a training course not only for cadres in industrial survey, but also for the administrators of enterprises.

5. The basic work of economic accounting in consolidating the enterprises. This work was attended to jointly by the industrial survey offices and the enterprise consolidation office. Its main features are: (1) to strengthen and perfect the means of measurement and monitoring in all aspects in order to guarantee accuracy; (2) to establish and strengthen various systems of first-hand recording, accounting, card-indexing and filing; (3) to strengthen quota management; and (4) to ascertain the conditions of equipment and productive capacity, in case of ambiguity. The consolidation of enterprises in more than 1 year helped strengthened the basic work which greatly raised the standards of their operation and management.

6. Checking up the enterprises and units. In order that not a single enterprise will be left out or duplicated during this survey, each city or county conducted a check-up at the beginning of 1985 on all the enterprises which actually existed at the end of 1984, and then compiled lists of them on this basis. Since certain changes may have occurred among the enterprises in 1985, the localities will again check them against these lists by the end of 1985. The enterprises which were newly opened, closed, or merged during that year will be added, delayed or readjusted in the list accordingly. The list will be based on facts and will guarantee the authenticity of the units to be surveyed.

7. Trial completion of survey forms. This experiment was conducted in October-November 1985 for the purpose of reviewing the preparatory work in an earlier stage and laying a good foundation for the work in the coming

year when these forms will be formally completed. The trial completions were mainly based on the statistics in the first 3 quarters of 1985. In the form, the figures for 1980 and 1984 must have been verified. The trial forms need not be consolidated, but must be carefully examined at all levels. In the case of an error, the enterprise concerned should be responsible for its correction. In fact, this trial completion of the survey form should be the beginning of the formal survey in 1986, because if the figures for the 4 quarters of 1985 can be entered into the form in advance, there is no need to wait until the beginning of 1986, and only the figures for the fourth quarter of 1985 have to be set in order at the beginning of 1986. Thus the enterprise will hold the initiative in the work of 1986. This trial completion of form is in fact a dressed rehearsal for the formal survey, or a military exercise. It is an extremely important measure to ensure the accuracy of the data during the formal survey.

8. Stepping up publicity work. In order to acquaint the leadership at all levels and the broad masses with the great significance of the industrial survey, and to enlist their support, we have made use of many different publicity media, including XINHUA NEWS AGENCY, the press, radio, television, posters, projection slides and so forth in our publicity work with fairly good results.

After more than 2 years intensive labor, all the required preparations have been basically completed. Although a few units have not prepared their work well enough, the organs of industrial survey at all levels are taking active measures to strengthen the weak links. With the New Year's approach, all the industrial survey personnel are full of enthusiasm and confidence in greeting the arrival a gigantic system engineering project--the industrial survey.

9411/9835
CSO: 4006/571

FINANCE AND BANKING

ASIAN DEVELOPMENT BANK MEMBERSHIP EXPLAINED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 4, 4 Apr 86, pp 23-24

[Article: "Person-in-Charge in Foreign Affairs Bureau of Chinese People's Bank Answers Reporter's Questions on China's Joining the Asian Development Bank"]

[Text] Question: What procedures have been completed for China to join the Asian Development Bank (or Asian Bank, for short).

Answer: On 28 November 1985, Chinese People's Bank Director Chen Muhua [7115 1970 5478] applied, on behalf of the Chinese government, to become a shareholder in the Asian Bank. On 17 February 1986, the Asian Bank's board of directors approved resolution number 176 admitting China to the Asian Bank. China then completed the following three procedures for joining the bank: (1) Deposited with the Asian Bank the Chinese government's instrument of acceptance accepting the "Agreement on Establishment of the Asian Development Bank." (2) Deposited with the Asian Bank a "Legal Opinion" attesting that China had signed the foregoing agreement in accordance with domestic legal procedures, and had taken required legal actions to carry out the foregoing agreement and obligations stipulated by the Asian Bank Council pertaining to China's acceptance into the bank. (3) Tendered the first capital stock installment of \$17,130 in renminbi. On 10 March, Asian Bank authorities informed China that it had formally become a member of the Asian Bank.

Question: How many members does the Asian Bank have, and why do some countries that are not in Asia or Oceania join the Asian Bank?

Answer: As of the present time, the Asian bank has 47 members, including China, of whom 32 are members from Asia and Oceania and 15 are from areas other than Asia and Oceania. In accordance with provisions of the Asian Bank charter, developed countries outside of Asia and Oceania that are members of the United Nations and its special organizations may also participate in the Asian Bank. Countries in this category who are currently members of the Asian Bank are Australia, Belgium, Canada, Denmark, Finland, France, the German Federal Republic, Italy, Holland, Norway, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

Question: Has the Chinese People's Bank already established relations with the Asian Bank?

Answer: The Chinese government has appointed Chinese People's Bank Director Chen Muhua as the Chinese director of the Asian Development Bank, plus the chairman of the board of directors and concurrently director of the foreign bureau of the Chinese People's Bank, Che Peiqin [6508 1014 2953], as the deputy director. The Chinese People's Bank is the official liaison organization of the Asian Bank in China, and it is also a storage bank for the Asian Bank, with responsibility for storing the renminbi and other assets held by the Asian Bank. The Chinese People's Bank has already established a professional relationship with the Asian Bank.

Question: After joining the Asian Bank, will China send people to work in the Asian Bank?

China owns 114,000 shares of Asian Bank stock valued at approximately \$1.155 billion or approximately 7 percent of the total number of Asian Bank shares for third place among the bank's 47 members. Thus, China qualifies to assign independently a permanent director and deputy director at the bank's headquarters. The timing of the assignment is being discussed now.

It is understood that, in principle, applications for employment at the Asian Bank are publicly invited from among members, there being no allotted numbers. However, while bearing in mind the professional skills that those to be hired should possess, the widespread area covered by the bank should also be taken into consideration insofar as possible, and at the time of employment, the member's government and the views of the central bank should be consulted. Currently the Asian Bank has 1,535 employees, 574 of whom are professional staff and 961 of whom are assistants. Now that China is a member of the bank, preparations are in train for recommending some qualified personnel for employment.

Question: What kinds of specialized professional personnel does the Bank require?

Answer: The Asian Bank has advised that the main professional work of the bank is to provide loans for construction and development projects of developing member countries in this region; thus, the professional personnel it hires have very many specialties. These include law, the secretarial field, national economics, development policies, fisheries, forestry, animal husbandry, education, health, urban development, chemical industries, civil construction, electrical machinery, irrigation, machinery, mining, transportation, water supply, geology, energy, small industries, financial analysis, development banking, credit management, budgeting, planning, auditing, finance, storekeeping, systems programming, statistics, electronic computers, evaluations, economics, news, and economic editing.

Question: Will China attend the next annual board of directors meeting of the Asian bank. Please provide some information about the status of the Asian Bank board of directors.

Answer: The board of directors is the Asian Bank's supreme policy organization and is composed of one director and a deputy director appointed by each Asian Bank member nation. Most directors are heads of central banks

or ministers of finance. The board of directors holds an annual meeting each year. Participants in the annual board of directors meeting include not only delegations sent by bank members, but also representatives of numerous international economic and monetary organizations and of commercial banks. Reportedly, more than 1,000 people attend the meetings.

The 19th annual meeting of the board of directors of the Asian Bank will be held from 30 April through 2 May 1986 at Manila, the capital of the Philippine Islands. China will send a delegation headed by Chen Muhua, member of the State Council and concurrently director of the Chinese People's Bank and Chinese manager of the Asian Bank. The delegation will be made up of people from relevant fields in China, including the Chinese deputy manager of the Asian Bank. During the session, China's delegation will meet friends from monetary circles of all countries and friends from international monetary organizations. This is a very good opportunity to exchange views on the international economic and monetary situation.

9432

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FINANCE AND BANKING

IMPORTANCE OF PAYING TAXES STRESSED

Beijing JINGJI RIBAO in Chinese 27 Oct 85 p 1

[Article: "Strengthen the Concept of Paying Taxes"]

[Text] China's tax laws have been passed by the NPC or promulgated by the State Council under the powers conferred upon it by the NPC. They are a major integral part of the country's laws, which everyone must observe. For a long time, an overwhelming majority of enterprises, units and individuals have voluntarily done their duty to pay taxes according to law, making a contribution to the four modernizations.

There have been some enterprises, units and individuals, however, whose concepts of law and discipline regarding tax payments are dim. They have purposely evaded or cheated on their taxes, or they have even refused to pay taxes. Some areas and units have done things other than in accordance with unified provisions of the tax law, have acted on their own volition to change tax rates, or have unauthorizedly decided on tax reductions or exemptions. Such illegal and undisciplined behavior has not only reduced China's tax revenues and adversely affected use of the role of tax collection economic levers, but has also interfered with reform and damaged Party spirit and the social atmosphere. Consequently, in the process of carrying out reform of the economic system, it is extremely necessary to genuinely strengthen concepts of the law and increase consciousness about carrying out national tax laws.

Strengthening of concepts about tax laws requires, first of all, a realization that tax revenues play an important role in the four modernizations. For a long time to come, our most important mission will be the concentration of forces to carry out modernization to satisfy the material and cultural needs of the people's daily life. Modernization will take money. Success in modernization will depend on success in accumulating funds, and the amount of funds accumulated will determine the amount of modernization. The recently convened national party congress noted in the proposal it put forward to draw up the Seventh 5-year Plan that realization of the Seventh 5-year Plan's goals for struggle will require adoption of six programs, the third of which is "amassing of financial, material and technical forces to build a group of key projects for energy, transportation, communications and the raw and finished materials industries." Tax revenues are the country's principal source of financial income. During the 36 years since founding of the People's

Republic, the country has accumulated a total of nearly 1 trillion yuan through industrial and commercial taxes. This figure is of huge significance for the building of socialism. So one might say that payment of taxes according to law is not solely a vocational problem and a legal problem, but that it is also closely connected to the welfare of the state and the magnificent cause of socialism. If a blind eye is turned toward tax evasion, tax cheating and unauthorized tax reductions and exemptions and no halt put to them, the country's sources of money will be interrupted, and the amassing of financial strength for key construction and to raise the standard of living will become an empty phrase.

One must also realize that the tax collection issue also ramifies into whether reforms can be carried out smoothly. In the course of reform of the economic system, it is both necessary to open up and liberalize the micro-economy and also necessary to bolster management and control of the macro-economy. Enlivening of the economy is reform, and bolstering management and control of the macro-economy as necessary is also reform. Once enterprises in the micro-economy have been enlivened, tax collections become an important economic and legal measure for the state to use in bolstering control and management of the macro-economy. Right now, tax levies and exemptions, readjustment of tax rates and such means are being used in coordination with other measures to control the size of investment in capital construction and excessive inflation of consumption funds so that the country's economy will have sustained, stable and coordinated development.

Strengthening of tax law concepts requires correct handling of the relationship between rights and duties. All rights have been given the citizens by the constitution and laws, while at the same time all citizens are required to perform the various duties provided in the constitution and laws. This includes payment of taxes according to law, which is one of the glorious duties that a citizen in a socialist country should perform to the fullest. All tax paying units and individual should pay their taxes on time and in full. Strengthening of concepts of the tax laws also requires correct handling of relations between the central and local governments, and relations of parts to the whole. Party and government leaders at all levels represent the interests of the Party and the country, and they must firmly establish a psychology of viewing the whole country as a chessboard. Today, some tax paying units and individual taxpayers do not proceed from the overall situation to work with one heart and one mind to do a good job in economic work and reform. Instead, they do everything possible to find loopholes in national policies and incomplete reforms to gain benefits for their own units or themselves. Large scale tax evasion and tax cheating, and unauthorized tax reductions or exemptions damage the interests of the Party and the country, and this is extremely wrong.

Right now a large scale investigation of tax collections and financial matters is underway. Instances of tax evasion, tax cheating and unauthorized tax reductions and exemptions must be assiduously looked into and corrected. This broad investigation is an education of universal application for the whole body of cadres in obedience to discipline, adherence to the law and strengthening of concepts about paying taxes. Violations of tax payment laws will certainly be severely punished. Anyone who has violated tax laws will

have to be straightened out and, depending on the seriousness of the violation, the violator will bear economic responsibility, legal responsibility, or will be punished by the Party or the government. This is the only way to bring about a new social atmosphere. Payment of taxes according to law is an honor!

9432

CSO:4006/283

INDUSTRY

EFFORTS TO UPGRADE METALLURGICAL INDUSTRIES DISCUSSED

Fuzhou FUJIAN RIBAO in Chinese 4 Apr 86 p 1

[Article by Chen Minzhen [7115 2404 4176]: "Cooperation with Scientific Research Forces in Other Provinces To Hasten the Translation of Discoveries into Productivity. Provincial Metallurgical Industry Research Institute Has Completed 23 Scientific Research Projects"]

[Text] As a result of having given serious attention to cooperation with scientific and technical forces in other provinces, the Fujian Provincial Metallurgical Industry Research Institute has completed 23 scientific research projects, including new technology of oxygen enriched air blast copper smelting and brine refining of magnesium for which it received a science and technology achievement award from the Ministry of Metallurgical Industry.

Faced with a shortage of skilled personnel and equipment, the Provincial Metallurgy Research Institute made certain to bring in permanent scientific research cadres from elsewhere and devised means to identify difficult problems in plants and mines. Fujian Province's wolfram reserves are the fourth largest in the country, yet the province annually buys between 10 and 20 tons of tungsten contact materials. Scientific research personnel brought in from the Rare Metals Processing Research Institute at Baoji sought the assistance of existing units and obtained their support. For more than 2 years, not only has the Baoji institute provided Fujian's metallurgy institute with advanced equipment and detection methods, but it has also sent five permanent technical cadres to cooperate in research and development. In January 1986 evaluation of the tungsten contact materials showed their quality to be at the advanced domestic level. Scientific and technical personnel from the provincial metallurgy institute also traveled to Baoji to study titanium production and new scientific research techniques. Assistant engineer Rao Liangshi [7437 2733 4258] used titanium materials to research and develop titanium heating tubes, which were integrated into electrically controlled equipment that is not only able to maintain sea water at a constant temperature but is also able to avoid pollution. This equipment is now used widely in the breeding of prawns. This institution also cooperated with scientific research personnel in the Shenyang Smelting Plant, the Changsha Ore Smelting Research Academy, the Guiyang Aluminum and Magnesium Design Institute, and the Beijing Nonferrous Academy, and used equipment at the Shaowu Smelting Plant, the Xiamen Magnesium Electrolysis Plant and the

chemistry department of Overseas Chinese University to produce new technologies of enriched oxygen air blast refining of copper and brine refining of magnesium. Comrades in the analysis office trained nearly 100 persons at the basic level in plants and mines in laboratory testing. They improved their conventional analytical skills to compensate for equipment deficiencies and insure quality of exports of metallurgical products. They have now purchased more than 100,000 yuan worth of urgently needed equipment using income derived from technical services they have provided and from transfers of technology. New technologies and new problems in powder metallurgy, wear-resisting aluminum-silicon alloys, precious metal contact points and non-damaging flaw detection brought by the personnel who had been brought in are also in the process of being actively pursued to obtain early results.

The Fujian New Materials Development Company that was set up by the provincial metallurgy institute in conjunction with units concerned in Beijing and Baoji has also spread new techniques and new materials to six industrial plants in Xiamen, Fuzhou, and Ningde during the past year. They are now in process of importing new materials production lines from other provinces to answer the needs of the electronics industry in Fujian Province for copper foil used in electrolysis and high performance welding tin. They also want to continue cooperation with other provinces to develop Fujian Province's wolfram, rare-earth metal, and fluorite mineral resources.

9432

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SMALL-SCALE ENTERPRISES

SHAANXI HOLDS MEETING ON TOWNSHIP ENTERPRISES

HK121516 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 8 May 86

[Text] The 4-day experience exchanging meeting of counties, districts, and townships where town enterprise income has exceeded 100 million yuan concluded in Changan County on 8 May. The meeting commended 13 counties, districts, and townships where town enterprise income has exceeded 100 million yuan. Mou Lingsheng, deputy secretary of the provincial CPC committee, and provincial Vice Governor Xu Shanlin attended the meeting and spoke.

Despite insufficient funds, township enterprises developed rapidly in the province in 1985. The total output value of the province's township enterprises for 1985 amounted to some 4.98 billion yuan, accounting for 37.2 percent of the total rural output value. The net profit of the province's township enterprises for 1985 reached some 580 million yuan, an increase of 43.8 percent over 1984.

Mou Lingsheng and Xu Shanlin reviewed the status of the province's township enterprises and put forth several suggestions on the future development of township enterprises.

Mou Lingsheng said that although there are 13 counties, districts, and townships in the province where township enterprise income has exceeded 100 million yuan, the province is still backward in this respect compared with other provinces and cities. We must do all we can to catch up with them and give full play to our advantages. He said that to further develop township enterprises, the essential thing is to upgrade the quality of enterprises and make them competitive. It is necessary to solve the problem of poor business management and low technological level. We must use science and technology to arm and transform township enterprises. In places where township enterprises are fairly developed, attention should be paid to agricultural production. On the one hand, we must develop township enterprises; on the other hand, we must make full use of science and technology to strengthen agricultural production, develop industry to supplement agriculture, and boost both industry and agriculture.

Xu Shanlin said that when township enterprises have developed to a certain level, they must do the following: 1) decide on key products; 2) upgrade the

management level of cadres and technological level of staff members and workers, and transform technological skills and equipment; and 3) strengthen lateral economic ties.

By visits and exchanging experiences, the participants further broaden their vision, emancipate their minds, and strengthen their confidence. The 13 counties, districts, and townships where township enterprise income has exceeded 100 million yuan--Changan, Baoji, Huxian, Qishan, Weinan, Jingyang, Pucheng, and Fengxiang counties; Xian's (Weiyang), (Daoqiao), (Yanta) districts, and (Tanjia) Township; and Xianyang's (Qindu) District--made proposal to the meeting on launching a drive throughout the province this year of building counties where township enterprise income exceeds 100 million yuan.

The provincial government awarded silk banners to the 13 counties, districts, and townships.

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CSO: 4006/1035

SMALL-SCALE ENTERPRISES

HEILONGJIANG GOVERNOR ON DEVELOPMENT OF TOWNSHIP ENTERPRISES

SK111110 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 10 May 86

[Text] In a speech at the provincial conference of directors of the bureaus in charge of township enterprises, Governor Hou Jie has urged all the staff members and workers of township enterprises throughout the province to have lofty ideals, work assiduously, and enable the total output value of the township enterprises throughout the province to reach approximately 10 billion yuan by the year 1990, which represents a 150-percent increase over that of 1985.

This conference was held in Zhaodong County by the provincial government, and it concluded on 10 May.

Thanks to our conscientious implementation of the four documents No 1 on rural work issued by the central authorities, profound changes have taken place in the rural economy, and township enterprises have also developed rapidly over the past few years. In 1985, the output value of the township enterprises of our province exceeded 4.5 billion yuan, registering a 57.9-percent growth over 1984. In the first quarter of this year, we still achieved fairly good results despite the influence of unfavorable factors, such as an acute shortage of funds. Compared with the same period of last year, the output value of the province's township enterprises grew by 33.7 percent, and the output of some major products also showed increases.

In order to fulfill this year's goal of achieving a 30-percent increase over last year in the output value of township enterprises, and in order to create favorable conditions for making the output value exceed 10 billion yuan by the year 1990, Governor Hou Jie urged: Leading persons at all levels should free themselves from the shackles of the traditional concepts on agriculture, and reorient their ideas toward the development of the commodity economy. They should render active support to the development of township enterprises, formulate rational plans for it, give correct guidance to it, and strengthen leadership over it. They should also help township enterprises define the direction and key areas of their development and make proper arrangements for them so as to acquire foresight and avoid ill-considered pursuits.

Governor Hou Jie also pointed out: In expediting the development of township enterprises, we should make a breakthrough by greatly developing the enterprises run by villages or households individually, or by several households jointly. We should extensively organize various forms of associations with the enterprises run by townships or villages leading those run by households either individually or jointly. In the meantime, township enterprises should also expand lateral economic ties to solve their problems in lacking technical know-how, in equipment and personnel, and in poor management, and to enhance their competence and competitive edges.

Governor Hou Jie also urged: In their efforts to develop township enterprises, all localities throughout the province should properly handle the relationship between equality and quantity, and between economic benefit and production growth rate. They should persistently strive to seek higher growth rate through increasing economic benefit, and higher quantity through upgrading quality, and should produce more quality goods which is demanded by the market and which can yield higher economic benefit.

Speaking on how to serve the development of our province's township enterprises, Governor Hou Jie urged: All trades and professions and all departments should actively support the development of township enterprises with the principle of giving more service and less intervention. Proceeding from the need for cultivating tax sources, tax departments should work out as many preferential policies for township enterprises as possible. Industrial and commercial departments should relax restrictions on the scope of business of township enterprises and allow them to engage in diverse undertakings while focusing on one. Agricultural banks and credit departments should try their utmost to collect funds for township enterprises and help them use the funds flexibly. Supply departments should try their best to supply some raw materials to township enterprises. Various departments in charge of the production of various products should regard the support to township enterprises as their duty. Scientific and technological departments should conscientiously implement the spark plan, provide township enterprises with more scientific and technological findings which yield better and quicker results, and actively render technical consultation and service to township enterprises.

Zhao Guozhen, director of the provincial township enterprise bureau, delivered a speech during the conference to sum up the previous work concerning township enterprises. Participants to the conference also visited some township enterprises in Zhaodong County.

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CSO: 4006/1035

CONSTRUCTION

RURAL HOUSING PLANS DISCUSSED AT CONFERENCE

Nanchang JIANGXI RIBAO in Chinese 25 Mar 86 p 2

[Article by Sun Xizhen [1327 1598 3791] "Further Gearing To Serve the Mass of the People. Province's Town and Village Construction Industries To Make Further Improvements During Seventh 5-year Plan"]

[Text] The following was obtained from the Jiangxi Provincial Town and Village Construction Work Conference that concluded on 21 March 1986. While making further improvements, the province's town and village construction enterprises are gearing to serve the masses better, and substantial development will take place during the Seventh 5-year Plan. By the year 1990, urban networks that vary in size and that are distributed equitably will be formed around large cities throughout the province, and intensified construction of basic municipal government facilities in cities and towns will make difficulties in finding housing, in boarding transportation, in obtaining potable water, and having a poor environment things of the past. Every urban resident will have an average of 6 square meters of living space and the number of people carried per public transportation vehicle will decline from 3,175 to 2,460. Running water will be supplied to 95 percent of residents, up from the present 80 percent, and per capita use of water will reach 175 liters per day. Thirty percent of urban areas will be covered with greenery. Construction of peasant housing in rural villages is to be maintained at approximately 30 million cubic meters per year, and storied dwellings will gradually increase to approximately 20 percent of all peasant housing.

Deputy Provincial Governor Jiang Zhuping [5592 4376 1627] attended the conference and gave a speech.

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